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1992 Forecast: Recession Ends?

Multi-tenant Fire Protection

Access and Fire For Hotel Safety

New Column: A Dealer's View

A CAHNERS PUBLICATION

JANUARY 1992

Expanding Successfully Into New Markets

NATIONAL BURGLAR & FIRE ALARM

SIN

SECURING AMERICA

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A Cahners Publication *Volume 22, No. 1* *January 1992*

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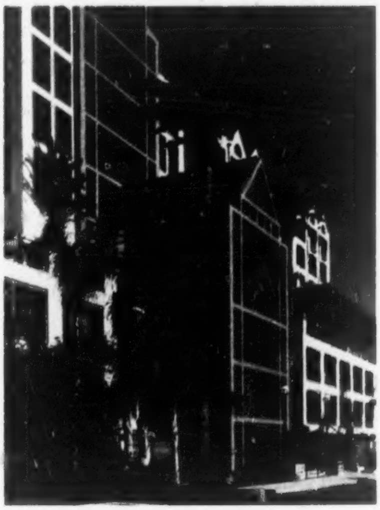

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INDUSTRY FORECAST 92

The economic storms of an up and down recession should clear by year's end.

By Gary L. Parr
Editor, SDM

Predicting the economic future of the alarm industry these days is almost as difficult as predicting the weather. In this recession, no two parts of the country have been affected in the same way and there is no clear pattern for recovery. Further complicating the picture is the significant influence that world events have on the U.S. economy. This will be particularly true in 1992, as the USSR dissolves and a new Russian government emerges.

The results of the 1992 version of the *Security Distributing & Marketing* Annual Forecast Survey, show dealer/installers expecting a quick end to the recession. In fact, six in 10 respondents to the survey are optimistic about the industry's future.

Low-pressure growth

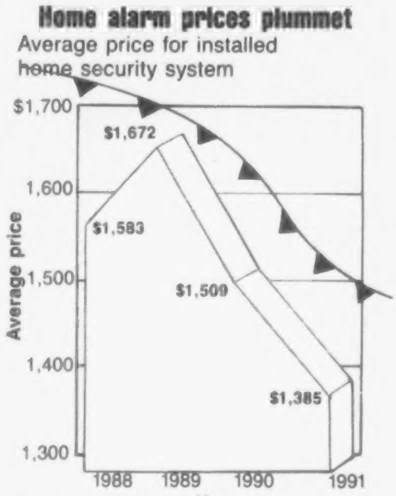
Last year, dealers responding to *SDM*'s Industry Forecast called for an almost 11% growth in industry revenues. Then the nation's economy plunged into a recession, the depth of which has yet to be realized. Consequently, sales flattened and the alarm industry realized a meager 5% growth for the year.

The overall 5% increase in annual revenues, for the most part, arises from recurring revenues. Typical annual growth for monitoring, maintenance, and leasing revenue is 6% (probably a high figure for 1991). New growth in 1991 was just sufficient to compensate for attrition—accounts terminated during the toughest economy in 10 years.

That's not all bad, though. There are many industries—building and construction, automotive, and computer, to name three—to which flat revenues would be a bonanza.

"Sales were flat in 1991," says Steve Firestone, director of marketing, Commonwealth Security Systems, Lancaster, PA.

Commonwealth is one of the founding companies of the Security Network of America, a loosely-tied group of 22 independent companies from across the country. "At the last Security Network meeting, the member-companies indicated that sales had been flat in 1991 and many expect sales to be flat in 1992. There are pockets that say they are out of the recession, but cancellations are



Source: 1992 Forecast Survey, Security Distributing & Marketing magazine

Influenced by mass-marketing efforts, average home alarm prices dropped significantly for the second year.

up all across the country," adds Firestone.

What about growth next year? "That's blind hope," says a pessimistic Firestone. "It's not likely to happen [in 1992]. People have little confidence in the economy."

But the dealers who responded to the Forecast Survey don't necessarily agree. They are indicating a 9% increase in industry revenues for 1992, which would pump annual industry income up to $10.8 billion.

There's much support for this projected growth rate. Robert Moe, ProFinance Associates Inc., Rutherford, NJ, thinks a 9% growth in 1992 is quite reasonable. "There's a lot of pent-up energy that will have to be released sooner or later. It most likely will happen in the second half of next year."

Charlie Schoen, president of Westco Security Systems, Minneapolis, sees 9% as a "nice target to shoot at. This is an election year and the second six months should be very robust."

National distributors have a unique advantage in projecting market growth because they base their business plans on sales to dealers in every sector of the economy. Ken Moyes, president of national distributor Arius Inc., Framingham, MA, is more optimistic than most dealers. "We're projecting growth in excess of 15% in 1992."

Stormy northeast

Dealers in the Northeast spent 1991 battling a recessionary storm that, for most, still hasn't gone away. Only 50% of the dealers in the Northeast reported higher revenues in 1991. Approximately 70% of the dealers in the rest of the country could make the same claim. This is the first time such a dramatic difference in one region of the country has occurred in the 11-year history of the Forecast Survey.

"We have been moving forward slowly, even though economic times seem to be negative," says Jim Baker, commercial sales manager, Sentry Protective Systems, East Boston, MA. "Although business has been either up or down, depending on the month, we try to be flexible in trying new programs and marketing ideas," he adds.

Carl Spiegel, president, ASP Security Systems, Waterford, CT, identifies another aspect of doing business in New England these days: "There is a much greater need to police our accounts so we get paid. If we don't, we find ourselves in unsolicited partnerships with our customers."

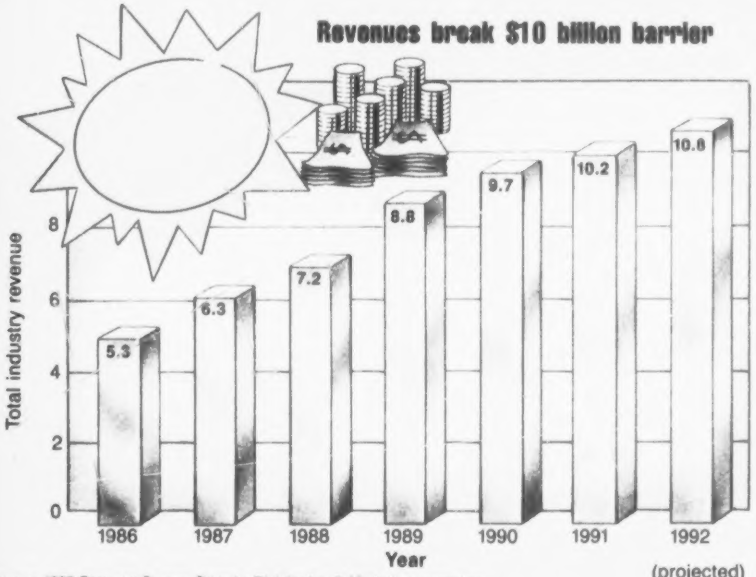
The economy continues to weigh heavy on the minds of dealers in the Northeast, where 45% of the survey respondents indicated that economic conditions are the one factor that will have the most impact on sales in 1992. Only three in 10 dealers in the South pointed to the economy as having such an impact on their business plans.

Better weather ahead

What about the future? Despite the recession, dealers are optimistic. The statistic that gives the strongest indication of this optimism is the expectation that annual revenues will increase.

In 1991, 65% of the dealers responding to the survey reported an increase in annual revenues for the year. This figure is the lowest since 1983, when 63% reported a revenue increase.

That's going to change in 1992. Among survey respondents, 74% expect to see increases in revenues next year. Two factors are driving this optimism—persistent indications that the economy is on the upswing and the almost universal expectation that an election year will bring a significant improvement in the economy. The political stirrings that usually lead to election-year economic recovery are already starting to appear in the newspapers.



Source: 1992 Forecast Survey, Security Distributing & Marketing magazine

While new sales in 1991 were flat, total industry revenue increased a meager 5%, cracking the $10 billion mark. If the economy cooperates, industry revenues should increase 9% in 1992, to almost $11 billion.

The recession has pushed dealers to focus on business management to protect profit margins.

Another reason for optimism in the coming year is that apparently the industry's dealers anticipate running more efficient operations. When asked what three factors will present the biggest challenges in the next five years, 67% of the respondents listed controlling costs as their top challenge. Protecting profit margins is a top priority for 67% of respondents as well. Selling more alarm systems was the third factor (63%), which is no surprise, since increasing sales is a major challenge every year.

These numbers can be interpreted to indicate a growing sophistication in business operating practices in the industry. Fewer dealers define a good month as one in which they took in more money than they paid out. More dealers are scrutinizing every aspect of the business operation, from equipment costs, to installation time, to service calls and monitoring fees.

"The recession has been a crash course in business management," says Carl Spiegel. "People have become much more efficient by necessity," he adds.

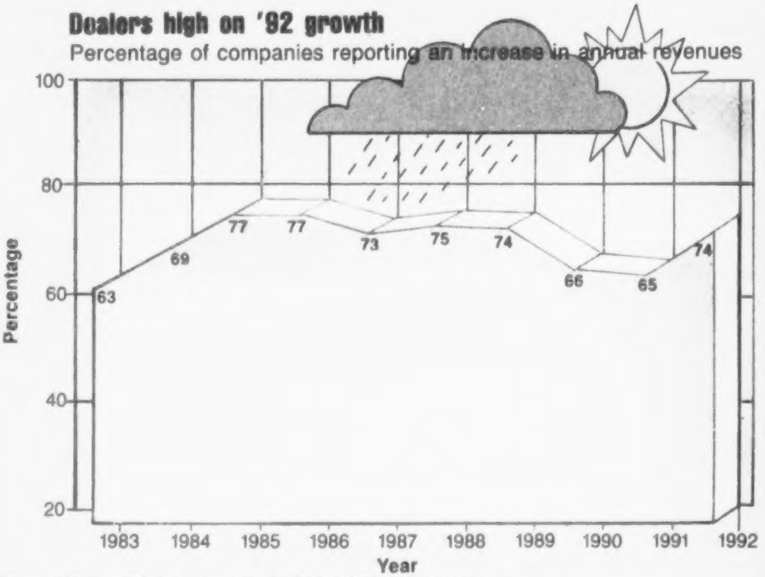
If ever there was a time that dealers were faced with stiff competition from several fronts, it is now. Of the Forecast Survey respondents, 44% listed large or national alarm companies as providing their stiffest competition over the next five years, a figure that matches the 1991 survey results. This was followed by small alarm companies (21%) and, surprisingly, the third ranking source of competition was the Regional Bell Operating Companies (18%).

Ranking the RBOCs third is surprising because none has made a direct and unequivocal entry into security sales, installation, or monitoring in the U.S. The potential of those seven conglomerates has captured the attention of many dealers and could set off a series of storms that the electronic security industry will have a difficult time weathering.

"The RBOCs will be a big factor in the 1992 business picture," says Baker of Sentry. The final step in this matter probably will be taken in the first half of 1992 when Congress decides whether to bar the RBOCs from doing business in the alarm industry.

High home pressure

The residential security market continues to offer an attractive climate for sales. Some 65% of the survey respondents listed residential security as the market segment that provided them with the most revenue growth in 1991.

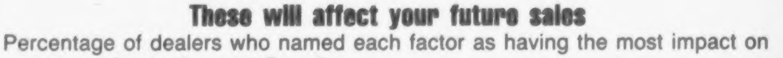


Dealers high on '92 growth

Percentage of companies reporting an increase in annual revenues

Source: 1992 Forecast Survey, Security Distributing & Marketing magazine

The percentage of companies that experienced increased annual revenues dropped to an eight-year low in 1991. This number may rebound to 1989 levels, if the expected economic recovery occurs.



These will affect your future sales

Percentage of dealers who named each factor as having the most impact on systems sales in the next five years

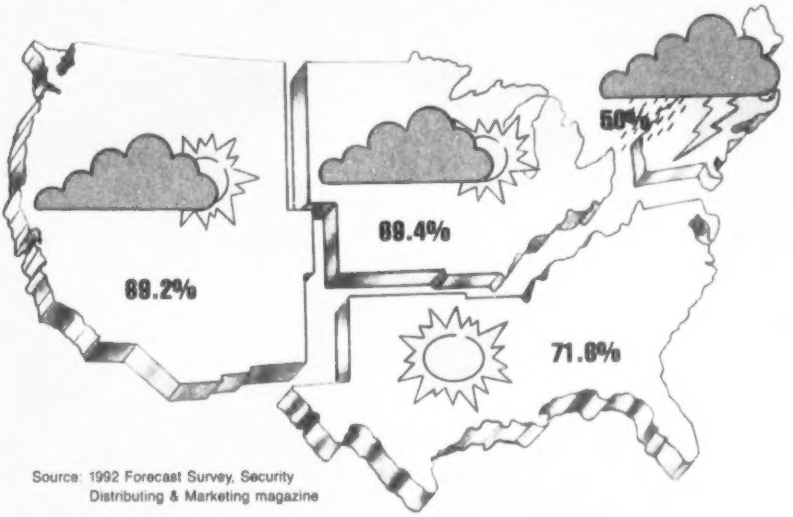
Source: 1992 Forecast Survey, Security Distributing & Marketing Magazine

Economic conditions will play a major role in determining future sales. Four of 10 dealers also see an important role for sales and marketing.

CCTV and access control systems continue to show strong growth, despite the economy.

Northeast hit hardest in 1991

Percentage of respondents who experienced increased revenues in 1991



Source: 1992 Forecast Survey, Security Distributing & Marketing magazine

Northeastern dealers have been affected most by the recession. Still, 50% were able to report increased revenues in 1991, a significant 20 points below other regions of the country.

This was broken down into a high-end segment (39%) and a low-end segment (26%). Commercial business, nevertheless, accounted for the growth of 26% of dealers surveyed.

Dealers are gaining in residential security, while prices, on the average, are dropping. The 1991 average price of $1,385, is the lowest in five years. In fact, the average price has dropped $287 since the price reached its high point of $1,672 in 1989.

"There is unbelievable price pressure in the residential market," says Sentry's Baker. "Even though the mass marketers play an important role, they often overflow into the custom residential market, which in return hurts us all. If we all pull together and sell quality and service, we will all benefit, especially against the RBOCs and mass marketers."

But don't discount the mass market installers. In some parts of the country they are starting to get significant penetration and are generating profits, something they haven't done in past years.

It remains to be seen whether the 1991 average price of $1,385 will be a low-water mark and or if the price will start to inch back up in 1992, as all dealers try to realize more profits from their biggest growth market.

In the past year, dealers have also been the beneficiaries of considerable activity in the access control and CCTV areas. According to the survey respondents, this trend will continue in a strong way in 1992.

Clearing for access, CCTV

Approximately 61% of the industry's dealers surveyed use access control. Ninety-three percent of those dealers expect their purchases of access control systems to increase in 1992. One in four are looking at buying 10% or more over last year's purchases. Access control also is a popular area for dealers looking to diversify.

Figures for CCTV growth are equally strong. CCTV systems are offered by 81% of dealers surveyed and 95% of those dealers expect to increase their purchases of CCTV equipment in 1992. More than a third expect their purchases to increase by 10% or more.

Burglar and fire alarm systems continue to show the kind of potential that makes electronic security a growth industry. Increased burglar alarm purchases are foreseen by 97% of the dealers, and 55% expect to increase their purchases by more than 10%. Fire protection systems, offered by 95% of the dealers surveyed, will be purchased in increased amounts by 97% of those dealers. Almost half of the dealers are expecting to increase their purchases by more than 10%.

These projections, while optimistic, indicate a stronger year for 1992 and definitely show dealers' confidence in the futures of their companies.

Lee Jones, president of Support Services Group, San Clemente, CA, offers a sunny forecast, with qualifications. "If you have capital and marketing expertise, this is the best time to be in the alarm industry."

Along with bright prospects come warnings of changing conditions. Dealers across the country rank economic conditions (82.2%) and crime (68.3%) as two of the top three factors that will affect system sales in the next five years.

Four in 10 dealers surveyed point to sales/marketing of security systems as having a big influence on their growth. The results are significant because more dealers are taking an active approach to selling their services. High-profile marketing by national companies has demonstrated the importance of aggressive marketing and promotion.

Aggressive marketing and sound business practices will make the difference between success and failure in a year that will be filled with plenty of economic storms, but should end with clear skies and warm temperatures. **SDM**

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HIGH **442** MED **443** LOW **444**

How the Forecast Survey works

Results from *Security Distributing & Marketing's* 1992 Forecast Survey are based on responses to a written questionnaire mailed to a random sample of 1,000 subscribers. All respondents are owners, executives, or managers of electronic security installing companies in the United States. Questionnaires were mailed on October 3, 1991 and 291 replies were received by October 28 for a response rate of 29%.

SDM thanks all of those who participated in this ongoing research.

SDM® Update

Statistics on market conditions and trends

Dealers: Regional Bells not welcome

By Laura E. Stepanek, Senior Editor, SDM

It's unfair competition, say most alarm dealers about a recent ruling that gave the Regional Bell Operating Companies clearance to compete in the security industry. (See "Bells freed to pursue info services," Nov. 1991, p. 72.) By Dec. 1, several of the Bell companies had publicly declared an intent to enter the home automation market and other markets that would "benefit the public."

Dealers' reactions to these events range from angry and frustrated to curious and expectant. However, in a survey of 100 dealers, conducted by *SDM,* most feel threatened. Here's how some dealers expect the RBOCs to compete:

- "When a telephone goes in, [the Bell companies] know about it. They may have lousy service, even lousy prices, but they have the sales force and the contacts to make a sale even before I could know about it," said Larry Wilson, owner of Advanced Alarm Systems, Jonesborough, TN.
- "My biggest concern is [the RBOCs] buying their way into the market with give-away [installations] and not maintaining the quality of service. With telephones it doesn't matter, but alarms are another problem, especially with false alarms," said Mike Hoffecker, president of Compu-Guard Alarm Corp., Anaheim, CA.
- "I don't care how large an alarm company is; a company like Bell will outweigh them as far as how large and how well-known they are," said Evie Rossi, a security consultant with GHT Alarm Systems Inc., Dallas.
- "...The government is allowing another monopoly. Being a utility, they shouldn't be allowed in our business. I feel the money we pay for our phone bill will be used to subsidize our competition. When they start advertising and mass marketing, they're going to be using our dollars to compete with us. I don't think there's anything we can do to stop them. If I had to sum it up in one word, it's *frustration* because we're battling a giant," said Chuck Petrusha, general manager of Advanced Security Systems, Eureka, CA.

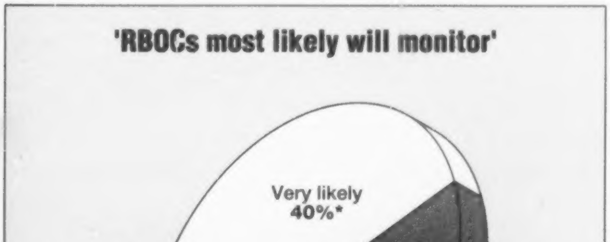
While most dealers agree that it's too late to turn back the clock, several offered ideas for keeping the Bell companies in line with the industry:

- "I don't mind if [the RBOCs] come into the business if they come into it in a reasonable way—if they are regulated so the rates they charge are the same as everybody else's. We can try to limit [their] damage through public utility commissions so they can't charge $5 a month [for monitoring]. There's not a lot you can do to stop them, but you can...make sure they conform to other businesses in the trade," said Rodney Rickels, vice president of Electronic Detection Services Inc., Homewood, AL.
- "I think a way to defeat [the RBOCs] is to get every municipality to pass alarm ordinances and licensing. Bells hate to deal with rules and regulations on a local level," said Thomas Lemley, president of Able Alarm & Electronic Protection, Louisville, KY, and president of the Kentucky Burglar & Fire Alarm Association.

Every coin has two sides. Some security dealers who participated in *SDM*'s survey foresee benefits to the Bell companies getting into security. Others don't think they will be affected at all.

- "It's a double-edged sword because it

'RBOCs most likely will monitor'

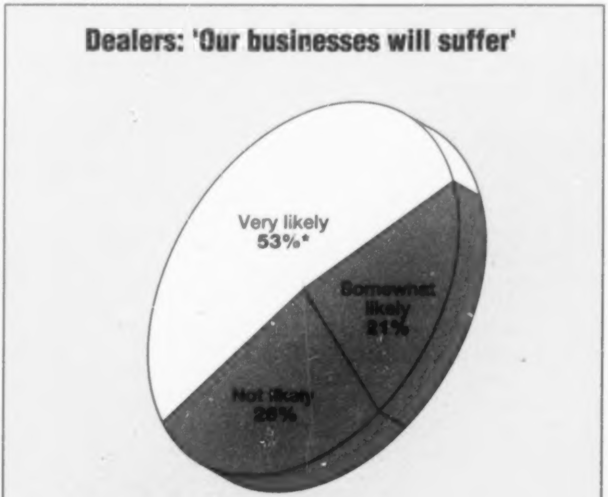


*percent of dealers

Source: *SDM* RBOC Survey, Aug. and Nov. 1991

Almost nine out of 10 security dealers think it's either very or somewhat likely that the RBOCs eventually will offer alarm monitoring.

Dealers: 'Our businesses will suffer'



*percent of dealers

Source: *SDM* RBOC Survey, Aug. and Nov. 1991

Nearly 75% of dealers said that the RBOCs in the security market would adversely affect dealers' businesses. "They adversely affect my business now," one dealer said.

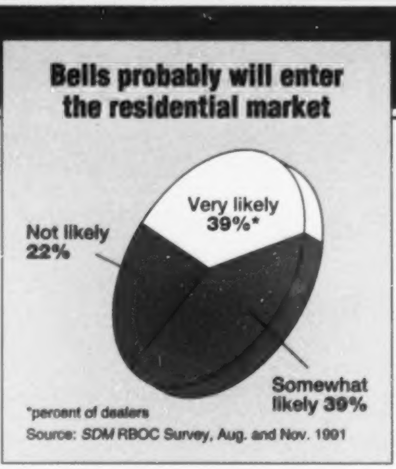
will make more people aware of [security]. Hopefully people will be smart and get two quotes," said Mark Strunsee, president of Centec Security Systems Inc., Milwaukee.

- "The issue is blown out of proportion. Although I wouldn't favor [the RBOCs] investing in the alarm business,. I don't think they'll be as successful at it as everyone says they will. They have to prove themselves yet. We really have nothing to contest—it's all speculative," said John Engs, vice president of Fire Security & Control Systems, Colorado Springs, CO.

Many survey respondents stressed that excellent customer service will set them apart from the Bell companies in a competitive environment.

- "It's certainly a threat, but I'm a small business and my best foot forward has always been personal service. I've survived some national companies because I give custom service," said Robert Whitfield, president of Electronic Security Systems, Chapel Hill, NC.
- "I have a photo of a sign that used to hang on the Bell company door which listed an out-of-town phone number to call for service. They closed the business office here. Everything is handled over the phone. Their service is atrocious; ours is fantastic. I don't think the Bell companies will be a detriment to our operation, but they must not be taken lightly," said Leigh Johnson, CEO of Custom Communications Inc., Rochester, MN.
- "If the Bell companies are given the opportunity to enter the private sector, they will probably do injustice to the customers just to get increased revenue. We're talking about security for a person's well-being. It takes trained individuals who will spend time getting to know the customer and their needs and giving them special treatment," said Frederick Kerr, president of Kerr Security Alarms Inc., Hot Springs, AR.
- "We have to fight; we have to let people know what's going on. I feel this will impinge a lot of small-business incomes," said Phil Petty, president of Federal Alarm Systems Inc., Decatur, GA.
- "It's a real shame that the country's going to allow this kind of thing to happen. It's going to have to be a grass-roots effort coming from the customer to stop them," said Bill Brewster, owner of AAA Alarm Company, San Jose, CA. **SDM**

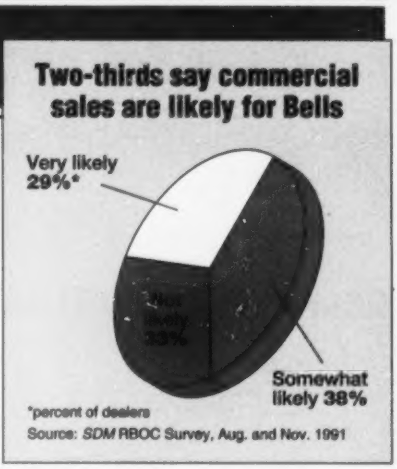
Editor's note: This article may be photocopied and sent to your legislators along with your own personal written opinion about this issue.



Bells probably will enter the residential market

*percent of dealers
Source: *SDM* RBOC Survey, Aug. and Nov. 1991

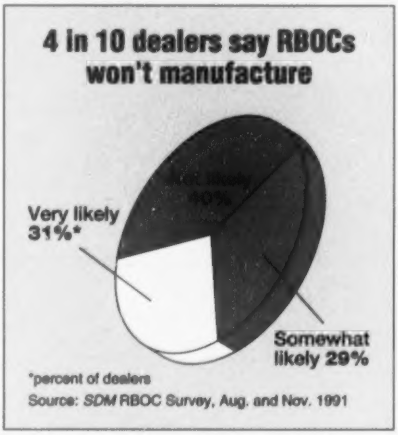
The residential security market seems to be a likely target for which the Bell companies will aim, according to 78% of the dealers surveyed.



Two-thirds say commercial sales are likely for Bells

*percent of dealers
Source: *SDM* RBOC Survey, Aug. and Nov. 1991

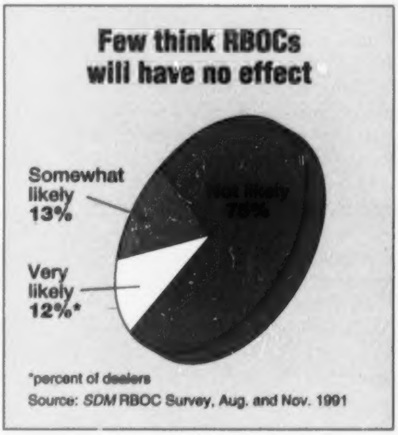
Dealers think the commercial security market is less likely to be exploited by the Bell companies than the residential market.



4 in 10 dealers say RBOCs won't manufacture

*percent of dealers
Source: *SDM* RBOC Survey, Aug. and Nov. 1991

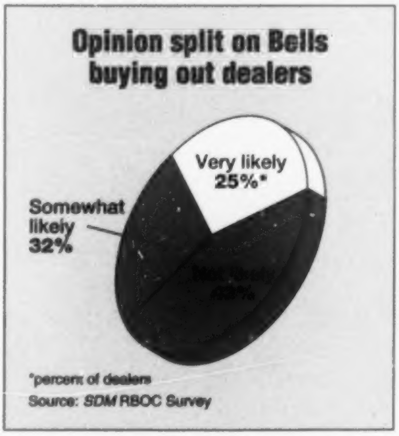
A significant dealer minority, 40%, thinks the RBOCs will rely on outside suppliers for products, if they enter the security market.



Few think RBOCs will have no effect

*percent of dealers
Source: *SDM* RBOC Survey, Aug. and Nov. 1991

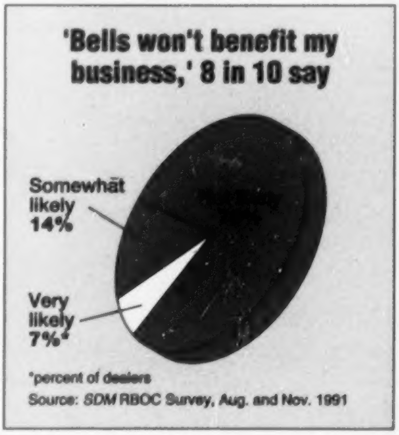
Three-quarters of dealers think it's unlikely they won't be affected to some degree if the Bell companies become their competitors.



Opinion split on Bells buying out dealers

*percent of dealers
Source: *SDM* RBOC Survey

Opinions are split on whether the Bell companies will go after existing alarm companies to get a foothold in the market. A fourth of dealers think that the RBOCs will make some acquisitions.



'Bells won't benefit my business,' 8 in 10 say

*percent of dealers
Source: *SDM* RBOC Survey, Aug. and Nov. 1991

Nearly eight in 10 dealers doubt that RBOC presence in the security industry will benefit their businesses, but two in 10 think they could profit from increased consumer awareness.

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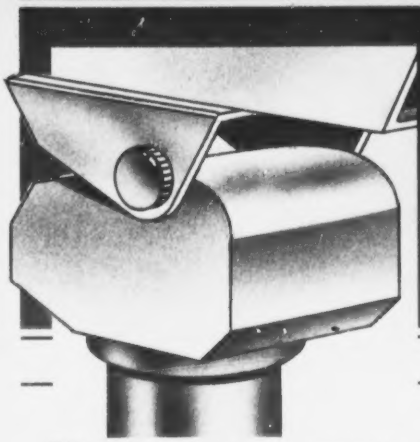

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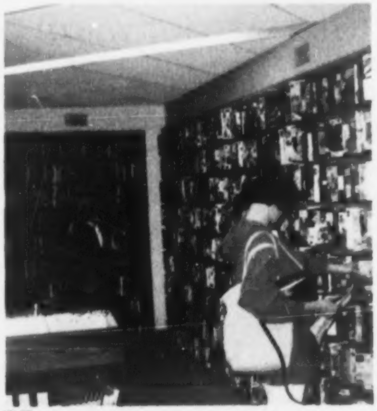

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ABOUT THE COVER

Companies such as National Security Service, Raleigh, NC, realize that installation standards go a long way toward improving system reliability. For example, installer Andrew Langdon uses spade lugs to connect stranded wires inside a control panel, lessening the possibility of a wire shorting against another terminal. For more on installation standards, see page 56.

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SDM® Update

Illegal drug use drives property crime

Nearly a third of convicted robbers and burglars said that they committed their crimes for money to buy illegal drugs, according to a report from the U.S. Department of Justice's Bureau of Justice Statistics, "Drugs and Jail Inmates, 1989," which was published in Aug. 1991.

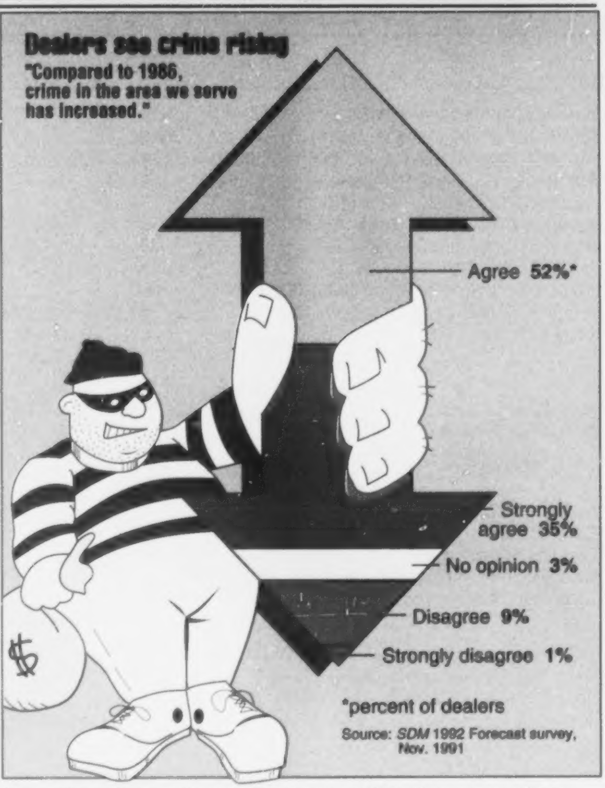
More than a fourth of all convicted jail inmates said they were under the influence of drugs at the time of the crime.

Almost two-thirds of inmates who use major drugs—cocaine, crack, heroin, LSD, or PCP—were in jail for drug-related crimes and offenses that would support their habits, such as robbery, burglary, and larceny. But just 31% of inmates who had never used drugs were convicted for these same types of crimes.

Home burglaries drop slightly in '90

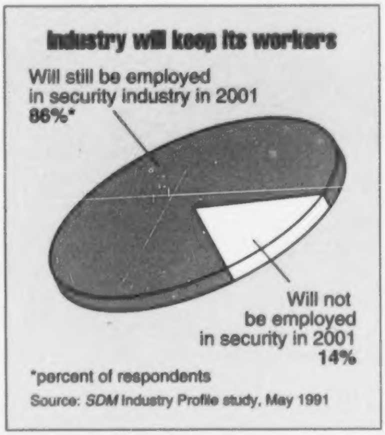
In 1990, 4.8% of U.S. households experienced a burglary, according to a report by the U.S. Department of Justice's Bureau of Justice Statistics, "Crime and the Nation's Households, 1990," which was published in Aug. 1991. This figure represents 4.6 million out of 95.5 million U.S. households.

Place of residence has a bearing on victimization rates. Nearly 7% of urban households are targets of burglaries or attempted burglaries, while almost 4% of suburban households and 4% of rural households were hit in 1990. Low-income households are more likely to be burglarized.



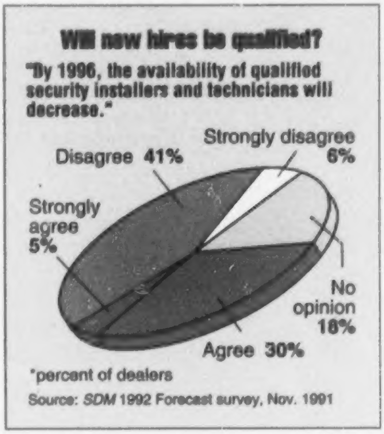
Source: *SDM* 1992 Forecast survey, Nov. 1991

Even though burglary rates fell in 1990, the perception that crime is high continues. Eighty-seven percent of dealers believe that crime is up in the areas they serve.



Source: *SDM* Industry Profile study, May 1991

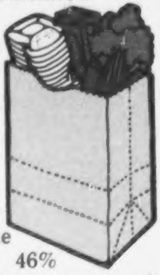
Nearly 9 in 10 alarm professionals who responded to Security Distributing & Marketing's Profile survey believe they still will be employed in the security industry in the year 2001.



Source: *SDM* 1992 Forecast survey, Nov. 1991

Opinions vary about the availability of qualified installers and technicians in 1996. Forty-seven percent of dealers don't foresee a future employment problem; 35% think qualified help will be scarce.

Help your grocer curb 'five-finger discounts'



The grocery stores in your area may need you to install CCTV and electronic surveillance systems to protect them from their own dishonest employees.

According to a study of internal theft in the supermarket industry, 46% of supermarket employees surveyed admitted they stole cash or property from their employers and 49% said they assisted others in on-the-job theft. The average dollar volume of the theft is approximately $144 per person per year.

The study, conducted in 1990 by London House and the Food Marketing Institute, surveyed 583 employees. The research group estimates that a 100-chain store could lose between $2 million and $18 million annually.

Regional Security Conference Southeast, Orlando, FL

Security Distributing & Marketing®

On Line: J. Stewart Jackson

Gas Station Security

Multi-Duty Control Panels

Third-Party Product Testing

A CAHNERS PUBLICATION

MARCH 1992

Put Computers to Work for You

PACKARD BELL

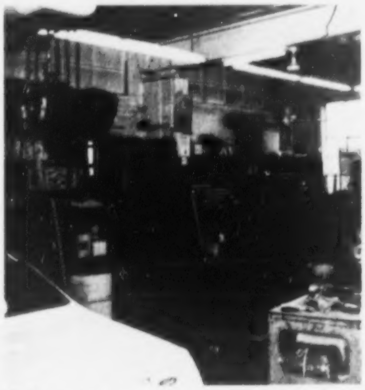
SECURING AMERICA

Security Distributing & Marketing®

A Cahners Publication *Volume 22, No. 3* *March 1992*

78 *Computers keep your customers happy.*

86 *In his spare time, Jackson plays music.*



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ABOUT THE COVER

Computers not only streamline your business operations but they allow you to better serve your customers. Ray Johnson, service technician for Ridley-York Electronics, Tulsa, OK, uploads data from an in-field alarm panel, using a personal computer. For more on using computers, turn to page 78.

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Put Computers To Work for You

Serve your customers better and streamline your business operations with a personal computer.

By Allan B. Colombo
Associate Editor, SDM

An alarm dealer's typical day might consist of business administration in the morning, installation and/or service in the afternoon, residential sales in the evening, and accounting duties during free time. The result is a balancing act that ultimately reduces a dealer's productive work time—and diminishes his profit potential.

Personal computers can change that by helping dealers regain control of their business operations. By taking full advantage of a computer's capabilities, dealers can go a step further and use them to create the professional efficiency and appearance that lead to growth.

Photo: Christopher Weeks

Steve York, president of Ridley-York Electronic Systems, Tulsa, OK, helps a customer solve a billing problem on the telephone by examining the account receivable files on the computer.

"The computer is a tool, it is my constant, immediate memory with total recall," says Steve York, president of Ridley-York Electronic Systems, Tulsa, OK. Personal computers help Steve York to administrate his business better. Technicians, like Ridley-York's Roy Johnson (see cover), use them to upload/download account information and event-buffer memory to and from in-field alarm panels. In addition, PCs allow Johnson and his staff to:

- store, and make readily available, large amounts of customer information to key persons in his organization.
- produce professional-looking estimates, proposals, and letters.
- maintain accurate inventories.
- write purchase orders to replenish stock.
- write work orders.
- bill customers.
- track false alarm problems.
- create status reports.
- perform general accounting tasks.

Look like a pro

"Computers are little resident secretaries for salesmen that standardize [and professionalize] client presentation forms," says Steve York. "Customers expect industry suppliers to be in tune with changes in computer technology. Without a computer, you're doing business the way business was done 20 years ago—and that's not acceptable anymore."

Personal computers give documents a more professional appearance and they save dealers time. They don't have to be elaborate networked systems either. With the proper software, a single personal computer can make a major difference for a small dealership.

"I bought my word processor so I could make proposals, especially for my larger customers," says Marc Johnson, president of Modern Security Systems Inc., Tocoma, WA. "The computer gives them a more clean and professional appearance."

While producing professional-looking proposals is important, making a sale often relies heavily on how quickly a salesman can put a proposal together. This is particularly critical when you are trying to out-maneuver your competitors for a job.

This is where computers can play a significant role. The integrated software used at Ridley-York is an example of how computers can facilitate the proposal preparation process. However, the same level of efficiency can be accomplished on a single personal computer.

At Ridley-York, customer cost is determined by how much business the customer does with the company. This information, along with parts numbers, parts costs, and labor costs, all are stored in the computer's data base.

To prepare a proposal, a Ridley-York sales engineer simply enters the customer's name and address, a listing of

Photo: Christopher Weeks

A computer-assisted drawing (CAD) program, helps Kevin Pffar, CADsman for Ridley-York Electronics, draw a detailed, two-story floor plan for a soon-to-be homeowner.

parts numbers, and parts descriptions and unit costs. The computer automatically calculates the total cost for the job.

York's program allow his salesmen to enter comments to clarify material, labor, and other details of a proposed installation. "This basically is a word processing function," says Steve York. "There also is a section where the terms of a sale are inserted."

The data base software also allows a dealer to track sales performance by generating sales reports. "I have a running record of the jobs I've quoted," says Steve York. "With it, I can mark the jobs I've sold, versus those I haven't sold." By placing this information in a separate spread sheet, dealers can track their sales performance.

In a complete proposal, alarm dealers often include hand-drawn floor plans. This graphic representation makes it easier for the customer to understand the proposed system. It also establishes a permanent record of the equipment a dealer intends to supply and eliminates confusion during installation.

But, it takes time to hand draw floor plans. A PC, equipped with a simple computer-assisted drawing (CAD) program can produce a professional-looking drawing in a fraction of the time it takes to draw one by hand.

"Computer assisted drawing (CAD) programs give our firm's proposals a more professional appearance," says York sales engineer Dan Landis. "They also leave no question as to what our company is going to supply." For example, Landis usually sketches a rough floor plan when he visits a prospective customer. When he returns to the office, he gives the sketch to the person who operates the CAD software.

"I then lay the floor plan out—I recreate it—as the salesman explains where he wants each device on the drawing," says Kevin Pffar. The finished drawing is presented to the customer, along with the rest of the proposal.

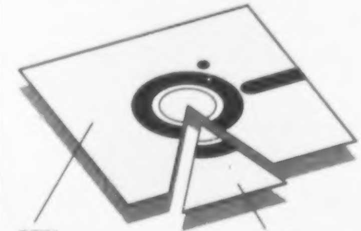
Drawings are made using a mouse or a combination mouse and digitizer pad. Digitizer pads expand a mouse's capabilities. The pad and mouse interact with one another as the mouse is maneuvered over a template of commands. "It's the mouse that actually draws the lines on the computer screen," says Pffar.

Digitizer pads also are used to trace existing floor plans. "There's a command called "trace mode" that allows me to trace an existing floor plan. I set the program to a specified scale, then I use the [digitizer's] mouse to set each point of each line on the drawing."

Besides drawing lines on the monitor, the buttons on top of conventional mouse-and-digitizer units can be used to select and replicate drafting commands. They also can perform according to the parameters specified by the CAD program. For example, objects can be copied or moved using a "grab" and "drop" command. The "zoom" command permits users to draw or modify extremely detailed portions of drawings.

CAD programs also come with symbol libraries. Ridley-York, for example, developed their own symbol library by drawing small icons and compiling them in a file of their own.

Dealers overwhelmingly use personal computers



Dealers are discovering the advantages of putting a PC to work in their own business.

Instant information

When dealers first establish a business, they often store customer information in their heads. When making service calls, for example, they automatically know the make and model of a customer's alarm panel, whether the last bill was paid, whether the account is monitored, and the central station account number. These things get tough to keep track of as your company grows.

"Anybody operating a service-related business has a tremendous amount of customer contact. You have to have instant information," says Steve York. "There isn't any way to store all of this in your head."

Storing information in file cabinets usually works for a while. However, this method becomes slow and cumbersome as the amount of stored information grows. "If I stopped and pulled a customer file every time I got a phone call, I would probably spend all my time in front of a file cabinet. Our customers would be perpetually on hold," Steve York says. It's this file-folder phase of a company's history that personal computers can eliminate.

"When customers call, I can pull their information up on my computer. I have

Computers provide instant information when customers call. They also save time by computing and printing invoices.

their address, phone number, account number, and central station information," says June Hartman, owner of Hartman Electronics, Chalmette, LA. Instantly she knows who the customer is, what kind of alarm they have, and other pertinent facts.

Data bases that contain customer information are particularly helpful to dealers who, like Hartman, use a national or regional monitoring station to monitor their customers' alarm systems. When an alarm takes place, for example, it is common practice to have the monitoring company call the dealer after the authorities, call list, and subscriber list have been notified. Once notified, a customer-information data base allows a dealer to quickly call his customer and have an informal discussion about the alarm problem.

Photo: Christopher Weeks

Darren Waugh, service manager for Ridley-York, verifies a customer's name, address, phone number, and account status—before he dispatches a service technician.

Having up-to-date customer information also helps when clients call with service questions, problems, or billing concerns. "I can tell how old the customer is, see past invoice transactions, and know if they've rolled over and refused to pay a bill in the past," says Steve York.

A quick check of a customer's account can help turn a "non-paying customer" into a "paid-up customer." If the customer is in arrears, for example, an informed dealer can insist on up-front payment of a past-due invoice, as well as the yet-to-be-performed service.

Reputable alarm dealers will occasionally forgive an unpaid invoice when a customer has a legitimate complaint. However, some people create stories to get out of paying their bills. "Using my computer, I can tell if we issued credits against an account as further adjustments on a previous invoice," says Steve York. "If you have a thousand accounts, there is no way to remember which customers you gave a credit to—six months ago, a year ago, or two years ago."

Now, equipped with the customer's historical information, he can explain Ridley-York's payment policy, reiterating the need for payment after service is rendered.

Information integration

Most dealers will start with a data base program for their customer information and a spreadsheet program to perform their accounting functions. While this is the approach that most dealers can afford, you should be aware that these separate programs can't always share data. As a result, you may find yourself entering data twice. This generally isn't a problem until you get a sizable customer base.

Then it might be wise to consider an integrated accounting package. These packages save time by requiring dealers to enter information only once. For example, when customers call Ridley-York for service, they first talk to someone in the front office. Their account information is automatically accessed and the caller's name, address, and phone number are verified. If possible, they then are transferred to the service or installation manager.

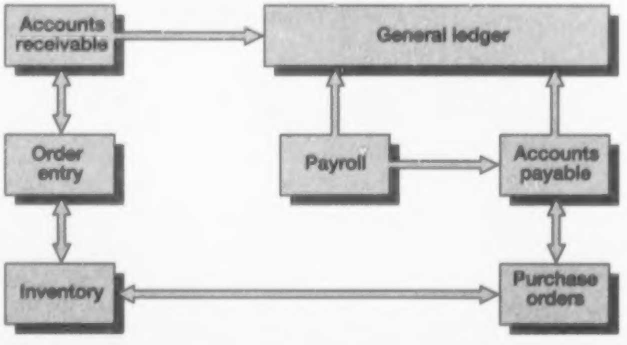
"I then use my PC to examine the customer's account," says Darren Waugh, service manager for Ridley-York. "I make sure that the customer information is correct. It also saves me the trouble of looking up their name and address in a file cabinet."

In larger companies, computer systems that are networked and fully integrated enable employees in various departments to share information. This type of system also enables all the software modules in the system (see illustration) to share customer data.

For example, customer information contained in an accounts receivable module is linked with an order-entry module. This permits employees to check a customer's credit status—before additional work is performed.

If a caller's credit is good, the customer's name, address, phone number, and other pertinent information are copied from the accounts receivable section and placed on an on-screen work order

Integrating data-base modules



Information commonly flows between the many software modules in an integrated system. Dealers benefit because they need enter information only once.

Customer service calls and historical information are automatically stored in computer data bases for later examination.

form. A hard copy of the order then is printed.

However, if a caller requesting service has failed to pay a past invoice, Waugh immediately pulls the service order. "I then contact the customer and find out why they didn't pay their bill," says Waugh. "If they can pay it COD, we come out and collect what they owe, as well as what they will owe us when we're done servicing their system." On the other hand, if the customer cannot pay their bill, service is placed on hold until the problem is resolved.

The order entry module of an integrated software package is used to create a work order. This feature of the software automatically accesses information from the inventory data base. "I know right away whether the parts I need are in stock or whether I have to order them," says Waugh.

"Computers also have helped increase our cash flow by billing jobs when they're done," says Steve York. As Ridley-York technicians complete their service calls, work orders are given to Waugh. The parts used, and other pertinent information, are posted in the accounts receivable file by the end of the current or following day. An invoice then is generated and sent to the customer.

Computer systems of any size can help dealers by assembling reports that enable them to keep a better eye on business. Weekly service reports, for example, enable service managers to assure that customers receive follow-up service.

Photo: Christopher Weeks

Judy York, VP and office administrator for Ridley-York, takes time out of her busy day to learn a new software program that was recently installed in her PC.

"A weekly service report enables me to check which service calls were completed and those that were not completed," says Frank Claxxton, operations manager for Fire & Security Systems Inc., Arlington Heights, IL.

Managers also use computer-generated reports to verify whether money is actually being made. "At the end of a job I know how much inventory and time it took to do the job," says Claxxton. "I then know what the profit was on the job."

Reports also inform dealers, in a global fashion, how their businesses are performing. "We run income and balance sheets every 30 days so we know what our financial position is at all times," says Steve York. "In 1991, computers helped to limit our lost unpaid revenues. Out of approximately $1,497,000 in sales, we collected $1,494,900. I consider that a significant accomplishment." **SDM**

Please rate this article

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HIGH **436** MED **437** LOW **438**

Buying the right hardware

Dealers who visit computer stores to buy their first computer often are confused when salesmen bombard them with computer slang and technical jargon. For example, Marc Johnson's first computer was an IBM-compatible XT. Johnson is president of Modern Security, Tacoma, WA. It provided adequate service for a short while, but it wasn't long before he had to purchase a larger model with more processing speed, memory capacity, and expandability.

An understanding of computer hardware begins with an assessment of the various computers available. The industry, for example, has labeled personal computers according to the microprocessor type used.

The two most popular stand-alone personal computers are the XT and AT and their clones. The XT (e"X"tra "T"echnology) uses the 8088 microprocessor with a processing speed of 6 to 12 MHz. This is relatively slow by today's standards.

The AT ("A"dvanced "T"echnology), provides faster processing speeds. For example, the 286 AT model uses an 80286 microprocessor with clock speeds of 12 to 20 MHz. The 386 and 386SX models use the 80386 microprocessor with a clock speed of up to 33 MHz. The 386SX, however, allows the use of less costly 286 electronic peripherals. These components interface the microprocessor chip to the remainder of a computer.

The XT, 286, and 386SX will usually accommodate most accounting, spread sheet, word processing, general data-base, and some of the smaller CAD programs. However, large CAD programs require a math co-processor. This is simply an additional circuit that performs the elaborate math calculations required by these larger CADs.

The fastest PC of all, the 486 and 486DX, use the 80486 microprocessor that operates at clock speeds of up to 50 MHz and will accommodate any program that a dealer uses, including large CAD programs without an additional math co-processor.

RAM (random access memory) and program storage (hard-drive) capacity also are factors to be considered. Models using 640 kbytes of RAM, for example, will easily accommodate single-use software programs. Large integrated software programs, however, usually require a minimum of 1 Mbyte.

SDM® Update

Statistics on market conditions and trends

No recession for business security

By Laura E. Stepanek
Senior Editor, SDM

From banks to offices to schools to stores, business executives with responsibility for security must stick to a budget to protect their company's property and employees. Based on a study of 149 readers of *Security* Magazine the average annual security budget in 1991 was $321,000.

Security companies are the potential recipients of 60% of those budgeted dollars. In fact, out of every dollar spent last year, 13 cents bought new equipment installations, 11 cents went to equipment replacement, 16 cents to maintenance and repair, and 20 cents to services, such as monitoring and guards. The remainder, 40 cents, is used for in-house security personnel and overhead.

When security directors were asked which one expenditure will increase the most, 25% of respondents indicated it would be new equipment installations. New equipment was named by more respondents than any other expenditure.

Other good news for security dealers is that the majority of end-users expect their '92 security budgets to be either higher or the same as their '91 budgets, despite unimproved economic conditions. Only 12% reported that their '92 budget will be lower than '91.

When asked about budgets for '93, 56% of survey respondents expect them to be the same and 31% expect to be able to work with more money.

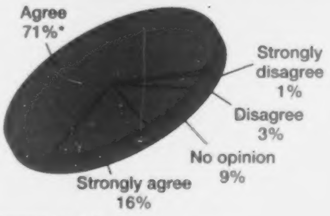
Tailoring security for a budget

Understanding the concerns and financial limitations of non-residential security users can help you effectively market and sell your products and services. For example, although the average annual security budget is $321,000, a fourth of security directors operate with less than $25,000 annually.

When asked which security-related developments during 1991 caused the most concern at their companies, the top three responses were: employee theft, cited by 58%; an increase in property crime, mentioned by 44%; and substance abuse, noted by 34%. **SDM**

Bright outlook for spending

Dealers were asked to agree or disagree: "By 1996, investment in security by businesses will increase."



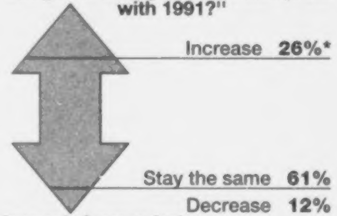
*percent of dealers

Source: SDM1992 Forecast study, Nov. 1991

Nearly 9 in 10 SDM readers expect U.S. businesses to spend more money on security over the next four years.

Status quo for most budgets

Security purchasers were asked, "How do you expect your security budget to change in 1992 compared with 1991?"



*percent of respondents

Source: SECURITY Magazine, 1992 Forecast study, Nov. 1991

This year's budgets for security products and services are positive for 87% of non-residential end-users.

Top seven 1991 purchases

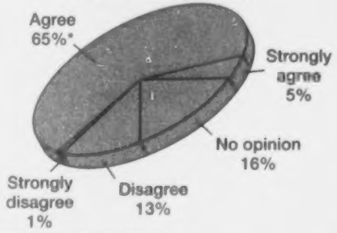
1. Locking hardware
2. CCTV
3. Access controls
4. Radio communications
5. Security lighting
6. Indoor intrusion detection
7. Fire protection

Source: SECURITY Magazine, 1992 Forecast study, Nov. 1991

Access control and CCTV are among the top three products purchased by security end-users last year.

Technology works for users

Security directors respond: "Security systems in this company are easy to use and operate."

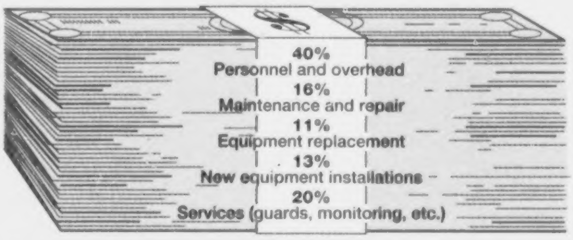


*percent of respondents

Source: SECURITY Magazine, 1992 Forecast study, Nov. 1991

Seven in 10 non-residential security users agree that security systems at their companies are easy to use.

How security dollars are spent



Source: SECURITY Magazine, 1992 Forecast study, Nov. 1991

Alarm companies get a portion of each end-user's pie, with 40% of every dollar going to equipment installation, replacement, repair or maintenance.

NFPA Show, New Orleans, LA

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Alarm Reporting

Electromagnetic Lock Overview

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APRIL 1992

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NATIONAL
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SECURING AMERICA

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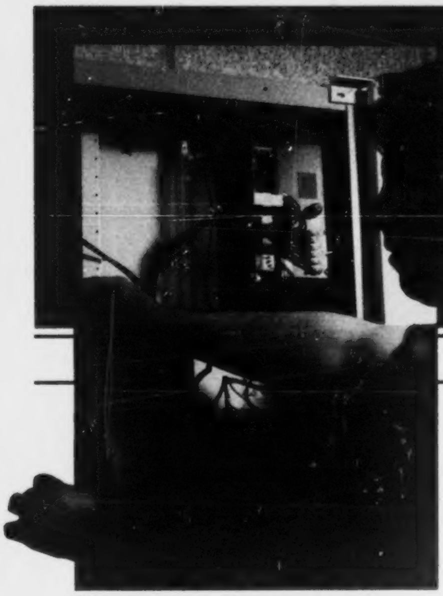

60 *Protocol is key to fire alarm quality.*

73 *Ambulatory-care facilities need security too.*

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ABOUT THE COVER

Assistant Fire Chief, Al Hagy, Tri State Fire Protection District, Darien, IL, conducts an inspection on a fire alarm system installed by Fire & Security Systems Inc., Arlington Heights, IL. Installer Mike Julio tests for circuit supervision at a fire horn. For more on fire alarm systems, turn to page 60.

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HOME SECURITY SERIES

What Makes a Good Burglary Site

This first in a series of articles based on scientific research examines how burglars select the homes they victimize.

By Simon Hakim
and Andrew Buck

This article is based on a study, "Effectiveness of Burglar Alarms," which was conducted between 1989 and 1991. The study's objective was to learn how burglars choose their targets by analyzing where burglaries have occurred over time in a defined geographical area.

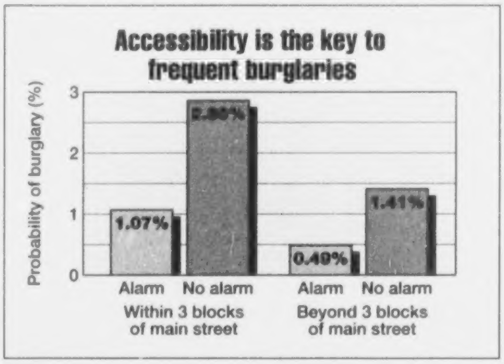
Three suburbs near Philadelphia—Tredyffrin Township, Upper Merion Township, and Springfield Township—were studied. The data collected included police files on the attributes of burglaries, alarm ownership, county real-estate files, and questionnaires, which were mailed to all homes that were burglarized in the 2½ years prior to the study. Questionnaires also were sent to a random sample of alarm owners, and to a matching control group of homes that were not burgled and do not own alarms. Completed questionnaires totalled 766, representing a 42% response rate.

Burglars are rational human beings. Before committing a burglary, they weigh the opportunities, or expected benefits, of their target choice, and the expected costs, such as the likelihood of being caught and arrested. A burglarized home is chosen in a deliberate manner.

Where a residence is located is the primary factor in determining the likelihood of a burglary. Burglars appear to select a residence by first choosing a neighborhood and then selecting a street within that neighborhood. A specific property then is chosen on the street, followed by a point of entry.

Burglars like to operate on familiar routes that offer a means of easy escape. They often select a neighborhood adjacent to a major thoroughfare that they use in their daily travels.

In all three townships studied, the frequency of burglaries was highest within three blocks of the two busiest roads. Between 40% and 50% of all burglarized homes are located within three blocks of one or more major thoroughfares, while only 25% of all homes studied are located within that corridor. The probability of being burglarized increases by a factor of two for homes located within three blocks of main roads. This is particularly true if the road connects areas of low-income homes and/or if it has several commercial establishments.



The probability of a burglary is twice as high if you live within three blocks of a main street. However, an alarm system decreases the chance of being burglarized by a factor of more than two for homes in these areas.

'Easy' street

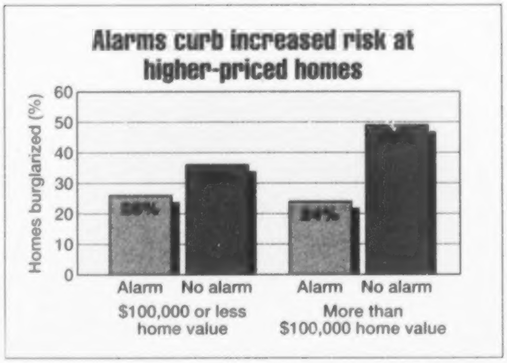
After selecting a neighborhood, burglars then search for a secluded street. Cul de sacs that are surrounded by woods or bordered by an abandoned railroad right-of-way seem to be popular. Unalarmed homes that are located on cul de sacs are 1.5 times more likely to be burglarized than all unalarmed properties in the communities studied. Homes with alarm systems that are located on cul de sacs are 2.2 times more likely to be attacked than all alarmed homes in general.

The study found that townhouses have a much greater risk of being burglarized than other homes. Townhouses were burgled 8 times, and their end units 18 times, more often than all homes in general.

Contrary to common beliefs, homes located near youth-gathering places and in areas of high pedestrian traffic do not appear to be frequent burglary victims. This probably is because burglars avoid areas with active pedestrian traffic. Large-city data may provide a different story; there is a certain anonymity associated with a popular loitering spot.

The third step criminals take is identifying the break-in site. The U.S. Bureau of Justice says that households with higher incomes are more susceptible to crimes of theft and less susceptible to violent crimes than are lower-income households. The results of the Philadelphia study are consistent with the Bureau of Justice data.

Property that gets burglarized typically is larger, situated on a large lot, and of higher value than that of the community as a whole. Wooded areas that provide concealment from neighbors and from the street, and suggest a certain level of affluence, are particularly vulnerable. Homes that are particularly remote from the street and/or the neighbors are more likely to be burglarized. In addition, a relatively expensive home in a moderate area is more vulnerable to burglary than it would be if it were located in an expensive area.


Alarms curb increased risk at higher-priced homes

As home value increases, the chance of being burglarized increases for homes without alarm systems, but decreases for homes with alarms (left).

Alarmed homes that were burglarized in the study were exceptionally expensive and large. They were located on even larger lots than other burglarized homes or alarm-equipped homes that were not burglarized.

Data from the study show that burglarized homes without alarms yielded more valuables than burglarized homes with alarms. The reason is that burglars spend less time in alarmed homes, expecting the police to respond in 14 min., on average. (89% of all alarmed residences are connected to a central station. Thus, the burglar always assumes that the police will show up.)

The average burglary loss from homes that have alarm systems is $741. The average loss from non-alarmed homes is more than twice as high at $1,515.

What about the timing of burglaries? Most burglaries occur in the first year a family occupies a residence. This frequency declines somewhat, but still remains high, throughout the first five years of residency. The reason is that a burglar is less noticeable to people who are unfamiliar with the acquaintances of new neighbors. Burglars have an uncanny knack for choosing neighborhoods in which resident turnover is high. Burglars also tend to be active in neighborhoods undergoing a lot of renovation, because strange vehicles in driveways are not viewed suspiciously.

A foot in the door

In the final phase of the victim-selection process, the burglar decides how to get into the premises. The study shows that burglars spend no more than 60 sec. breaking into a home. They show little imagination or innovation in this regard: 79% of entries are through first floor openings and, of these, 70% are through the front or back doors. This may suggest that an alarm system that secures only the first floor may be adequate in many cases.

An important factor in a burglar's decision to choose a particular home is the precautions taken by homeowners. Effective precautions need to address three elements: deterrence, prevention, and detection. An effective security package, based on a long list of precautions held by both burglarized and non-burglarized homes, should consist of:

- **Deterrence**—a car in the driveway, a yard sign from an alarm company, and exterior and interior lights.
- **Prevention**—a deadbolt lock in a solid or steel door and pins to prevent the raising of sash windows.
- **Detection**—only an alarm will suffice, especially if it is monitored by a central station.

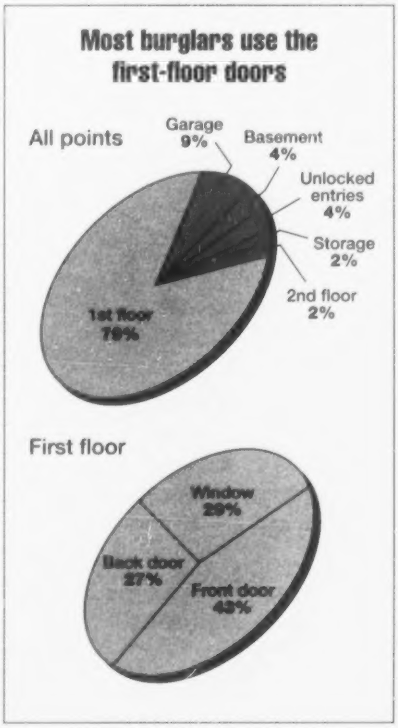
Surprisingly, the presence of a dog does not seem to have much deterrent effect: 37% of burglarized, alarmed homes reported having a dog; 26% of burglarized, non-alarmed homes; and 28% of the entire population studied had a dog.

In general, alarm owners are more security-conscious and take more precautions than do non-alarm owners.

In addition, alarmed homes that weren't burglarized took significantly more precautions than alarmed homes that were burglarized. For example, 2.8 times more members of the former group left a car in the driveway than did owners of alarmed homes that were burglarized. Alarmed homes that were burglarized relied almost exclusively on their alarms, with 40% of this group taking no additional precautions.

Location of the property, its isolation, its attractiveness compared with neighboring homes, and the types of security precautions taken, all play a large role in determining how vulnerable a residence is to burglary. Alarm companies can play a major role in reducing susceptibility to burglary, helping homeowners reduce their risk. **SDM**

The most common means of entry for a burglar is through a front door, back door, or first-floor window. A garage is targeted by 9% of burglars (below).


Most burglars use the first-floor doors

Simon Hakim and Andrew Buck are professors of economics at Temple University, Philadelphia. Watch future issues of SDM *for other articles in this series, which will cover burglar alarm effectiveness and the characteristics of alarm owners.*

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SDM® Update

Statistics on market conditions and trends

Task force focuses on false alarms

By Laura E. Stepanek
Senior Editor, SDM

Since last July, the issue of the Regional Bell Operating companies potentially entering the security industry has diverted the limelight from other important concerns, particularly false alarm prevention. But, behind-the-scenes, industry professionals are still hard at work trying to get to the root of false alarms.

One important development is that the National False Alarm Prevention Coalition, a subcommittee of the Alarm Industry Research and Educational Foundation, now will work in conjunction with the National Association of Chiefs of Police on a false alarm prevention task force, according to Gary Kallman, chairman of the Coalition and vice president of sales at Radionics Inc., Salinas, CA.

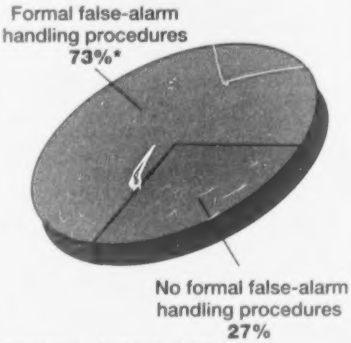
"One of the things we hope to accomplish is to get a universally accepted definition of a false or nuisance alarm and to implement a uniform standard for data collection, measurement, and analysis," Kallman said.

Kallman described a combination of actions that must occur before false alarms can be erased. "There has to be a greater sense of responsibility toward educating system users. There have to be universally accepted installation and equipment standards. There ultimately are some technological solutions, as well. No one thing will solve the whole problem. It will take tons and tons of work."

The task force, which is a subcommittee of the private sector liaison committee of the National Association of Chiefs of Police, will consist of seven people.

"This is a more pressing problem to the industry than the RBOCs. There is no value to an alarm system if you cannot get response. If you can't get response, there is no recurring revenue and if there is no recurring revenue, there is no business," Kallman said.

Most firms handle false alarms professionally



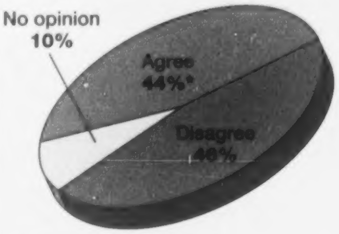
*percent of respondents

Source: SDM Industry Profile study, May 1991

Nearly three-quarters of alarm companies surveyed have formal procedures for managing false alarms.

No consensus on the state of false alarms

Dealers were asked to agree or disagree: "Compared with 1986, false alarms in the area we serve have increased."



*percent of respondents

Source: SDM Forecast survey, Nov. 1991

Have false alarms in your area gone up or down? Dealers' opinions are split on the issue.

1st-quarter construction is better than expected

If you've been on the road or on the phone trying to sell security systems over the past 15 months, you may have your own thoughts on the state of the economy and the outlook for your business. Here's what one source—Cahners Economics, the economic research and forecasting arm of Cahners Publishing Co., Newton, MA (publisher of *SDM*)—predicts for the rest of 1992.

Most markets can expect to see distinct improvements this year over their 1991 performance. However, 1992 still will fall far short of expectations. Fundamental problems continue to plague the consumer sector through the first quarter of this year. For example, consumers confidence in economic prospects is at the lowest level since the 1981-1982 recession. Slow growth best describes consumer spending patterns.

If your income depends heavily on prewiring new residential construction for security, the outlook is positive, although growth will be slow.

The residential construction market has nowhere to go but up. New residential construction activity in 1991 declined to a level even lower than the depths reached during the 18%-mortgage-rate days of 1982, mostly due to the dramatic decline of multi-family building construction.

But, residential housing starts increased substantially throughout the first few months of this year. The major economic indicators—housing starts, new home sales, and construction spending—all were considerably higher than most economists predicted, particularly in the Midwest and South.

Recovery in the residential construction market became firmly rooted during this past summer, when sales of both new and existing homes began rising. Interest rates continued to drop, employment losses finally stabilized (compared with the huge losses that occurred during late 1990 and early 1991), and consumer incomes began to grow again.

In 1991 there were about 1.02 million housing starts. This year's housing starts are expected to total 1.27 million units, up from last December's predicted 1.19 million units

The weakest construction sector by far is nonresidential, which encompasses commercial, industrial, and institutional building. Last year, total nonresidential construction spending fell by about 11%. The best hope this year is that it hits the bottom, economists say. **SDM**

NBFAA Annual Convention, Scottsdale, AZ

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Security Industry Profile Survey

Workout Security

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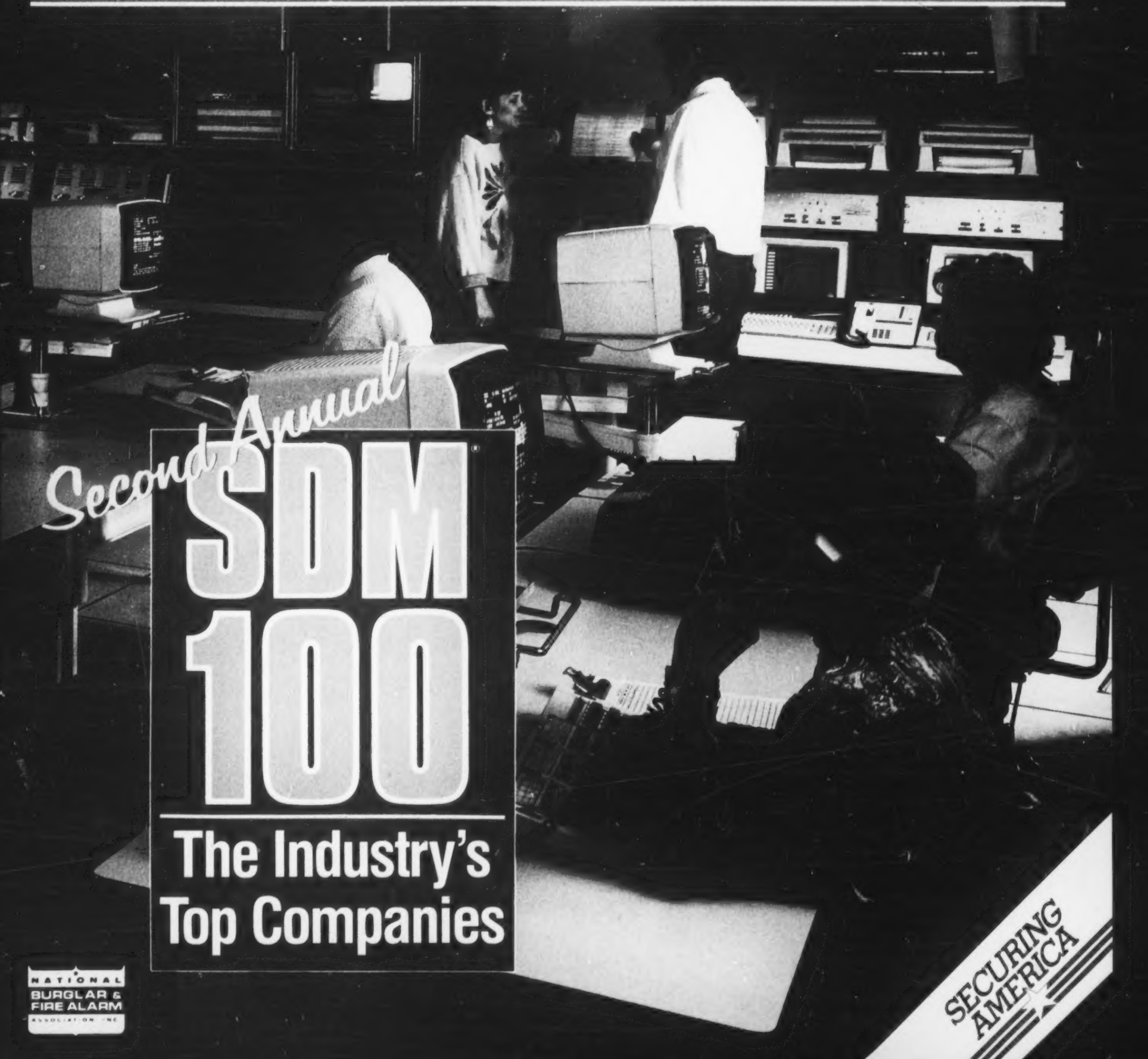

Second Annual SDM® 100

The Industry's Top Companies

NATIONAL BURGLAR & FIRE ALARM ASSOCIATION, INC.

SECURING AMERICA

Security Distributing & Marketing®

A Cahners Publication Volume 22, No. 5 May 1992

72 *The top revenue producers in the security industry.*

67 *Get video versatility with zoom lenses.*

99 *Peace-of-mind in the workout world.*

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Health clubs require fire, CCTV, and access control systems to protect the people who use them.

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ABOUT THE COVER

Through multiple acquisitions and aggressive marketing in the eastern U.S., Vector Security, Pittsburgh, has grown to become one of the security industry's giants, ranking No. 20 on the SDM 100 list of alarm companies. For more on the Second Annual SDM 100 listing, see page 72.

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SDM 100: Security Industry's Largest Dealers

Companies on this second annual listing generated about a fourth of the industry's 1991 revenues.

By Laura E. Stepanek
Senior Editor, SDM

The electronic security industry is witnessing its own maturation. Growing from a basically mom-and-pop industry with few large companies, many of the companies that make up today's security industry have the financial and managerial resources necessary to broaden the appeal for security nationwide. Proof of this is the 1992 SDM 100, *Security Distributing & Marketing*'s second annual list of the largest security-installing companies, based on 1991 gross revenues.

The 1992 SDM 100 is a very diverse group. Their revenues range from an estimated $577 million to $3 million. They range from traditional, established family businesses, such as Denver Burglar Alarm (No. 25), which will celebrate its centennial later this year, to relatively newer firms that serve as holding groups for several small installation companies, such as Security Data Group (No. 18). The SDM 100 also includes firms that are very visible in the residential marketplace, such as ADT (No. 1) and Brink's (No. 11).

The SDM 100 racked up $2.47 billion in gross revenues in 1991 from the sales, installation, lease, service, and monitoring of security systems. SDM 100 revenues represent about a fourth of the industry's total 1991 revenues of $10.2 billion, as reported in *SDM*'s 1992 Forecast (January, p. 74).

The SDM 100 conservatively holds 2.76 million customer contracts and they installed more than 262,000 new security systems last year. (Not all of the firms supplied account and installation information; therefore, the totals are conservative estimates.)

Most importantly, the SDM 100 companies alone employ more than 25,000 individuals, 96% of which are full-time.

We have made some significant changes, compared with 1991, in the way we list the SDM 100 companies. First, the companies are ranked 1 through 100 in one list, instead of last year's two lists of residential and commercial firms.

Second, franchisors, which represent strength in numbers rather than strength of one individual operation, are not included. However, they are still a major force in the industry and need to be acknowledged. Dynamark Security Centers, Hagerstown, MD, grossed $50.1 million. Dictograph Franchise Corp., Edison, NJ, took in $55 million. Although Sonitrol Corp. did not supply total figures, several Sonitrol franchisees stand alone in this year's listing.

Third, this year's listing contains an alphabetical index on page 90 so you can easily locate a company.

If you have any comments or questions, contact *SDM* at P.O. Box 5080, Des Plaines, IL 60017; phone (708)635-8800; fax (708)635-9950.

SDM 100 stat sheet

$ **Total revenue:**
$2.47 billion

Total number of customer contracts:
2.76 million

Total accounts monitored for other dealers:
116,409

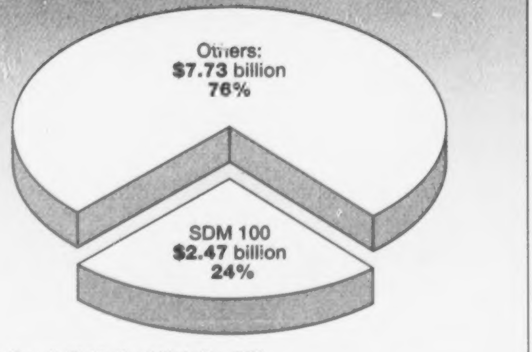
New installations (revenue) in 1991
Residential: **218,596 ($110.04 million)**
Non-residential: **43,887 ($148.01 million)**

People employed: **25,364**
Full-time: **24,830**
Part-time: **534**

Source: Security Distributing & Marketing, 1992.

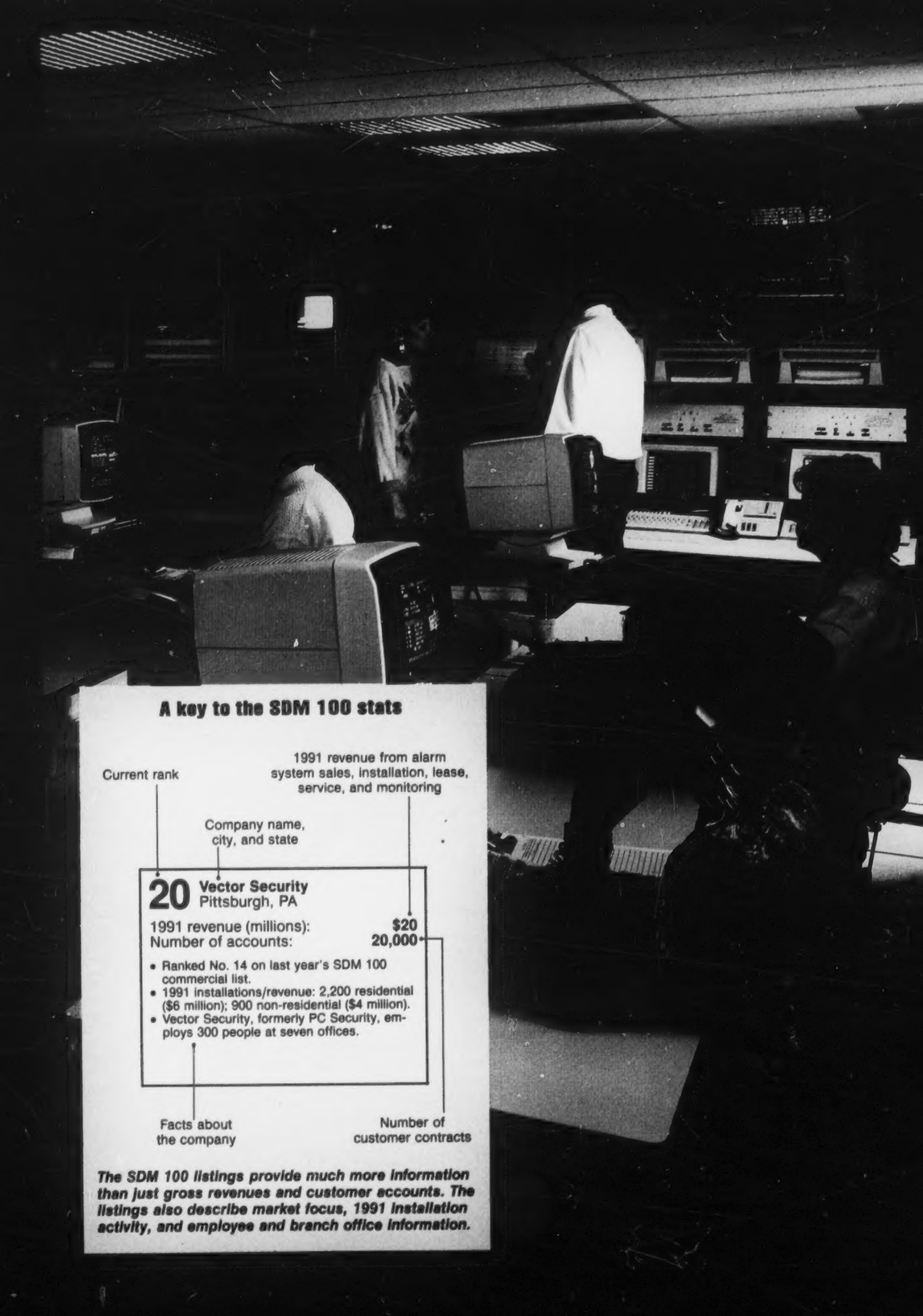
The SDM 100 prove that security is no longer just a mom-and-pop industry. They employed more than 25,000 people and installed more than 262,000 systems last year.

SDM 100 share-of-market: 24% of industry revenues



Source: Security Distributing & Marketing, 1992

The numbers are astonishing. The SDM 100 collectively grossed $2.47 billion in 1991, or almost a fourth of total electronic security industry revenues.



A key to the SDM 100 stats

Current rank

1991 revenue from alarm system sales, installation, lease, service, and monitoring

Company name, city, and state

20 **Vector Security**
Pittsburgh, PA

1991 revenue (millions): **$20**
Number of accounts: **20,000**

- Ranked No. 14 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 2,200 residential ($6 million); 900 non-residential ($4 million).
- Vector Security, formerly PC Security, employs 300 people at seven offices.

Facts about the company

Number of customer contracts

The SDM 100 listings provide much more information than just gross revenues and customer accounts. The listings also describe market focus, 1991 installation activity, and employee and branch office information.

SDM 100

The Industry's Biggest

SDM's second annual list of the largest security installation companies is based on their 1991 revenues.

1 ADT Security Systems Inc.
Parsippany, NJ

1991 revenue (millions): **$577**
Number of accounts: **488,000**

- 1991 revenues and accounts are estimated.
- Ranked No. 1 on last year's SDM 100 commercial list.
- 1991 installations: 80,000 residential security systems.
- ADT has 174 U.S. offices and employs 8,500 people in North America.

No. 2, Honeywell Inc., Minneapolis, MN, has 55 offices and employs more than 2,000 security professionals.

Courtesy of Honeywell Inc.

2 Honeywell Inc.
Minneapolis, MN

1991 revenue (millions): **$203**
Number of accounts: **140,000**

- Ranked No. 2 on last year's SDM 100 commercial list.
- Honeywell designs, manufactures, installs, and monitors its own systems.
- Honeywell Protection Services became a part of Honeywell Inc.'s Home and Building Control Division last year.
- The security group employs more than 2,000 people at 55 offices.

3 The National Guardian Corp.
Greenwich, CT

1991 revenue (millions): **$177.2**
Number of accounts: **155,000**

- Ranked No. 4 on last year's SDM 100 commercial list.
- Revenues increased 10.8% in 1991.
- National Guardian operates 14 central stations and monitors 25,000 dealer accounts in addition to 25,000 Canadian accounts.
- The company, previously for sale, was withdrawn from the market in March, 1992.

4 Wells Fargo Alarm Services
King of Prussia, PA

1991 revenue (millions): **$168**
Number of accounts: **110,000**

- 1991 revenue and accounts are estimated.
- Ranked No. 3 on last year's SDM 100 commercial list.
- Wells Fargo has been in business since 1962.

5 Emergency Networks Inc.
Dallas, TX

1991 revenue (millions): **$88.5**
Number of accounts: **n/a***

- 1991 revenue is estimated.
- Emergency Networks sells, installs, and services security systems through approximately 35 branches. However, the firm sells virtually all of its subscriber contracts to firms such as Alert Centre and Westinghouse Security.

* not applicable

6 The Alert Centre
Englewood, CO

1991 revenue (millions): **$75**
Number of accounts: **273,000**

- Ranked No. 1 on last year's SDM 100 residential list.
- 1991 revenue and accounts do not include Sentry Protective (No. 56), which is legally owned by Alert, but is being operated independently.
- Alert Holdings Inc. and its subsidiaries filed for protection from its creditors under Chapter 11 of the bankruptcy code last Dec.

7 Thorn Automated Systems Inc., Westlake, OH

1991 revenue (millions): **$75**
Number of accounts: **10,000**

- Ranked No. 8 on last year's SDM 100 commercial list.
- Thorn purchased Autocall Inc., Shelby, OH, last year.
- The company designs, manufactures, installs, and services integrated security systems.

ERGENCY NETWORKS, INC.

No. 5, Emergency Networks Inc., Dallas, TX, has 35 branches in 15 states.

8 Westec Security Inc.
Irvine, CA

1991 revenue (millions): **$65**
Number of accounts: **55,000**

- 1991 revenue and accounts are estimated.
- Ranked No. 2 on last year's SDM 100 residential list.

9

Rollins Protective Services Inc., Atlanta, GA

1991 revenue (millions):	**$60**
Number of accounts:	**102,500**

- Ranked No. 4 on last year's SDM 100 residential list.
- 1991 installations/revenue: 9,722 residential ($19.5 million); 519 non-residential ($5 million).
- Year-to-year comparison: 3,500 non-residential installations in 1990; 519 in 1991.
- Rollins operates 45 offices and employs 673 people.

10

Holmes Protection Group Inc.
New York, NY

1991 revenue (millions):	**$60**
Number of accounts:	**32,000**

- Ranked No. 5 last year's SDM 100 commercial list.
- Revenues decreased 14.5% in 1991.
- Represents Holmes Protection of New York, Long Island, Philadelphia, and New Jersey, and Dictograph Franchise Corp.
- 1991 installations: 500 residential; 2,000 non-residential.

11

Brink's Home Security Inc.
Carrollton, TX

1991 revenue (millions):	**$56**
Number of accounts:	**180,000**

- Ranked No. 7 on last year's SDM 100 residential list.
- Revenue up 19% in 1991, due primarily to a 26% increase in subscribers.
- Brink's added 65 employees and five new locations in 1991.
- 1991 installations/revenue: 40,000 residential ($15.6 million);1,500 non-residential ($6 million).

12

API Security Inc.
Culver City, CA

1991 revenue (millions):	**$52.4**
Number of accounts:	**22,800**

- Ranked No. 7 on last year's SDM 100 commercial list.
- Revenues rose 11.6% in 1991.
- API opened two new offices (Fullerton and Culver City, CA) last year. The firm now has 14 locations.
- 1991 installations/revenue: 276 residential ($447,000); 2,333 non-residential ($3.6 million).

No. 11, Brink's Home Security Inc., Carrollton, TX.

Courtesy of Brink's Home Security Inc.

13

SecurityLink Corp.
Oak Brook, IL

1991 revenue (millions):	**$50**
Number of accounts:	**115,000**

- 1991 revenue and accounts are estimated.
- Ranked No. 6 on last year's SDM 100 commercial list.
- SecurityLink has three operating divisions: Midwest, Mid-Atlantic, and Northeast. The firm moved its headquarters to Oak Brook, IL, shortly before the Northeast division filed for protection from its creditors under Chapter 11 last year.

14

Network Security Corp.
Dallas, TX

1991 revenue (millions):	**$49**
Number of accounts:	**203,000**

- Ranked No. 6 on last year's SDM 100 residential list.
- Network Security, representing Network Multi-Family Security and Network City Branches, sold six branches (7,000 accounts) and consolidated four others in 1991.
- 1991 installations: 30,000 residential; 2,000 non-residential.
- The firm employs 411 people at 10 offices.

15

Bay Alarm Company
Walnut Creek, CA

1991 revenue (millions):	**$30**
Number of accounts:	**34,000**

- Ranked No. 9 on last year's SDM 100 commercial list.
- Family owned and operated since 1946.
- Bay Alarm employs 380 people at eight offices.
- The firm serves northern California and Santa Barbara/Ventura.

16

Kastle Systems Inc.
Arlington, VA

1991 revenue (millions):	**$25.1**
Number of accounts:	**40,000**

- Ranked No. 10 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 0 residential; 2,300 non-residential, including tenant systems ($8.2 million).
- Kastle added 50 employees in 1991.
- Niche market is commercial office buildings; the number of customer accounts includes tenant systems.

17

AFA Protective Systems Inc.
Syosset, NY

1991 revenue (millions):	**$23.5**
Number of accounts:	**11,000**

- Ranked No. 11 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 100 residential ($250,000); 3,400 non-residential ($6 million).
- Fire alarm systems comprise 72% of AFA's gross revenues.
- AFA has five offices and 278 employees.

No. 17, AFA Protective Systems Inc., Syosset, NY.

Courtesy of AFA Protective Systems Inc.

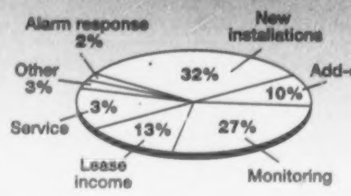
SDM 100

18 **Security Data Group/Intercap Monitoring,** Englewood, CO

1991 revenue (millions):	**$23**
Number of accounts:	**90,000**

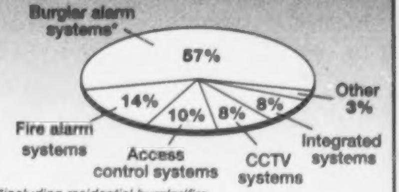
- 1991 revenue and accounts are estimated.
- Ranked No. 9 on last year's SDM 100 residential list.
- 1991 installations/revenue: 4,000 residential ($3.2 million).
- Security Data Group owns several installing companies, including Calibrated Internal Alarms of California Inc., Riverside and Alarm Data Corp., San Diego.

A third of SDM 100 revenue is new installations



Source: Security Distributing & Marketing, 1992

Burglar alarms provide biggest revenue chunk for SDM 100



**including residential burglar/fire*
Source: Security Distributing & Marketing, 1992

19 **Guardian Alarm Company** Southfield, MI

1991 revenue (millions):	**$20**
Number of accounts:	**35,000**

- Ranked No. 12 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 1,100 residential ($1.3 million); 2,000 non-residential ($2.5 million).
- Guardian employs 350 people at two locations.

20 **Vector Security** Pittsburgh, PA

1991 revenue (millions):	**$20**
Number of accounts:	**20,000**

- Ranked No. 14 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 2,200 residential ($6 million); 900 non-residential ($4 million).
- Vector Security, formerly PC Security, employs 300 people at seven offices.

21 **Consolidated Southern Security Inc.,** Clearwater, FL

1991 revenue (millions):	**$18.5**
Number of accounts:	**23,000**

- Ranked No. 15 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 1,200 residential ($1.6 million); 1,900 non-residential ($2.7 million).
- *SDM*'s 1990 Dealer of the Year.
- Consolidated Southern employs 280 people.

22 **Sonitrol Management** Alexandria, VA

1991 revenue (millions):	**$18**
Number of accounts:	**11,000**

- 1991 revenues and accounts are estimated.
- Ranked No. 16 on last year's SDM 100 commercial list.
- Sonitrol Management is a group of Sonitrol franchises owned and operated by the franchisor.

23 **Electronic Services Int'l. Inc.** Beltsville, MD

1991 revenue (millions):	**$18**
Number of accounts:	**n/a***

- Of total revenues, 65% stems from integrated security systems, 20% from access control systems, and 15% from CCTV systems.
- Electronic Services employs 147 people at five offices.

* not applicable

24 **Comsec Narragansett Security Inc.,** Weatogue, CT

1991 revenue (millions):	**$17**
Number of accounts:	**15,500**

- Ranked No. 13 on last year's SDM 100 commercial list.
- The company operates three central stations and seven offices, with a staff of 170 people.
- 1991 revenues are $3 million less than in 1990 because revenue from product distribution was not included in this listing.

25 **Denver Burglar Alarm** Denver, CO

1991 revenue (millions):	**$16**
Number of accounts:	**18,000**

- Ranked No. 8 on last year's SDM 100 residential list.
- Denver Burglar Alarm celebrates its centennial in 1992.
- The company employs 260 people at three locations.
- *SDM*'s 1981 Dealer of the Year.

26 **Protection One Inc.** Portland, OR

1991 revenue (millions):	**$14.8**
Number of accounts:	**35,000**

- 1991 installations/revenue: 9,000 residential ($2.8 million); 500 non-residential ($0; all are leased).
- Protection One was purchased by a private investor group from Pacific Corp., a utility firm, last September.
- The company, which employs 280, has offices in Seattle, Portland, OR, Burbank and Riverside, CA, Phoenix, and Las Vegas.

27 **Smith Alarm Systems** Dallas, TX

1991 revenue (millions):	**$14**
Number of accounts:	**10,500**

- Ranked No. 18 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 1,500 residential ($1.5 million); 800 non-residential ($4.5 million).
- Smith Alarm was founded in 1903. It employs 127 people.
- *SDM*'s 1991 Dealer of the Year.

No. 27, Smith Alarm Systems, Dallas, TX was SDM's 1991 Dealer of the Year.

Courtesy of Smith Alarm Systems

28 **Racal-Chubb Security Systems Inc.,** Austin, TX

1991 revenue (millions):	**$14**
Number of accounts:	**10,000**

- Ranked No. 19 on last year's SDM 100 commercial list.
- Revenues rose 16.7% in 1991.
- 1991 installations: 1,100 residential ($1.7 million); 1,200 non-residential ($6.5 million).
- 64% of the company's revenue is derived from installations.
- Owned by Racal Electronics PLC (England).

29 Custom House Inc.
Lacey, WA

1991 revenue (millions): **$13.7**
Number of accounts: **13,500**

- Ranked No. 11 on last year's SDM 100 residential list.
- 1991 revenues, 61.5% higher than in 1990, reflect the sale of a portion of accounts.
- Custom House monitors 4,500 accounts for other dealers.
- 1991 installations/revenue: 3,600 residential ($3.6 million); 250 non-residential ($700,000).

Advanced Entry Systems

No. 41, Advanced Entry Systems, Carrollton, TX.
Courtesy of Advanced Entry Systems

30 Kertz Security Systems Inc.
Fort Lauderdale, FL

1991 revenue (millions): **$12**
Number of accounts: **17,000**

- Ranked No. 12 on last year's SDM 100 residential list.
- Revenues increased 50% in 1991 due to aggressive marketing in the residential sector, through the sale of AT&T security systems.
- 1991 installations/revenue: 3,200 residential ($6 million); 1,000 non-residential ($950,000).
- Kertz hired 40 employees in 1991.

31 Post Alarm Systems Inc.
Arcadia, CA

1991 revenue (millions): **$12**
Number of accounts: **12,000**

- 1991 revenue is estimated.
- Ranked No. 10 on last year's SDM 100 residential list.
- 1991 installations: 820 residential; 480 non-residential.
- Post Alarm offers patrol and armed-response services.
- The company employs 74 people at two offices.

32 MSI Security Systems Inc.
Kearny, NJ

1991 revenue (millions): **$12**
Number of accounts: **n/a***

- Ranked No. 23 on last year's SDM 100 commercial list.
- Revenues rose 20% in 1991.
- 1991 installations/revenue: 0 residential; 250 non-residential ($8 million).
- Of total revenue, 80% is derived from CCTV systems, 10% from access control systems, and 10% from integrated systems.

* not applicable

33 Westinghouse Security Systems, Las Colinas, TX

1991 revenue (millions): **$11**
Number of accounts: **40,000**

- 1991 revenues and accounts are estimated.
- Ranked No. 35 on last year's SDM 100 residential list.
- Westinghouse also provides contract monitoring for other security firms. It currently monitors about 90,000 accounts for Security Data Group/Intercap.

34 National Security Systems Inc., Manhasset, NY

1991 revenue (millions): **$10.6**
Number of accounts: **n/a***

- 1991 revenues for the company totalled $14.2 million; however, National also manufactures and distributes security and telecommunications equipment. Their ranking is based on the revenue from security system design, installation (supervision labor), and service only.

* not applicable

35 Kimberlite Corp.
Fresno, CA

1991 revenue (millions): **$10**
Number of accounts: **6,000**

- 1991 revenue and accounts are estimated.
- Kimberlite Corp. is a group of Sonitrol franchises based in northern California.

36 Glen Industrial Comm. Inc.
Rockville, MD

1991 revenue (millions): **$10**
Number of accounts: **n/a***

- Glen Industrial designs, installs, and maintains integrated security management systems that include access control, CCTV, and/or intrusion detection. From its UL-listed central station, the firm provides interactive access control and alarm processing for multi-tenant office buildings.

* not applicable

37 Security Signal Devices Inc.
Anaheim, CA

1991 revenue (millions): **$9.5**
Number of accounts: **9,750**

- Ranked No. 24 on last year's SDM 100 commercial list.
- 1991 installations: 200 residential; 1,200 non-residential.
- Security Signal employs 97 people at four offices.

38 Alarm Detection Systems of Illinois Inc., Aurora, IL

1991 revenue (millions): **$9.2**
Number of accounts: **9,800**

- Ranked No. 25 on last year's SDM 100 commercial list.
- Revenues jumped nearly 11% in 1991.
- 1991 installations/revenue: 203 residential ($362,543); 301 non-residential ($1.04 million).
- *SDM*'s 1984 Dealer of the Year.

39 Forest Security Systems Inc.
River Grove, IL

1991 revenue (millions): **$9**
Number of accounts: **5,500**

- Ranked No. 22 on last year's SDM 100 commercial list.
- Revenues decreased 11% in 1991 compared with 1990.
- 1991 installations/revenue: 200 residential ($1.2 million); 220 non-residential ($2.5 million).
- Forest Security is also a major local supplier of cellular telephones.

40 Rimi Security Systems Inc.
Los Angeles, CA

1991 revenue (millions): **$9**
Number of accounts: **5,000**

- 1991 installations/revenue: 2,000 residential ($5.5 million); 40 non-residential ($100,000).
- Rimi Security, founded in 1981, is primarily in the new-residential construction market.
- The company employs 50 people.

41 Advanced Entry Systems
Carrollton, TX

1991 revenue (millions): **$9**
Number of accounts: **n/a***

- Advanced Entry Systems designs, installs, and services large proprietary security systems in the Southwestern U.S.
- The company has been in business since 1984.
- Six offices are staffed by 97 employees.

* not applicable

42 **Sonitrol of Arizona**
Phoenix, AZ

1991 revenue (millions):	**$8.8**
Number of accounts:	**14,000**

- Sonitrol of Arizona employs 107 people at two locations.

No. 43, Commonwealth Security Systems Inc., Lancaster, PA.
Courtesy of Commonwealth Security Systems Inc.

43 **Commonwealth Security Systems Inc.**, Lancaster, PA

1991 revenue (millions):	**$8.6**
Number of accounts:	**11,000**

- Ranked No. 26 on last year's SDM 100 commercial list.
- Installation revenue reached $3.4 million last year.
- Commonwealth Security operates out of 11 locations, with 142 employees.
- *SDM*'s 1982 Dealer of the Year.

44 **Douglas Roesch Comm. Inc.**
Los Angeles, CA

1991 revenue (millions):	**$8.5**
Number of accounts:	**600**

- 1991 installations/revenue: 0 residential; 430 non-residential ($6 million).
- Douglas Roesch Communications has been in business since 1948. It designs, installs, and maintains large, complex security systems. It recently secured the Ronald Reagan Presidential Library in Simi Valley, CA.

45 **Guardian Protection Services Inc.**, Pittsburgh, PA

1991 revenue (millions):	**$8.2**
Number of accounts:	**14,200**

- Ranked No. 18 on last year's SDM 100 residential list.
- Revenues up 50.4% primarily due to a merger with Mastertech, Butler, PA, in 1991.
- 1991 installations/revenue: 1,567 residential ($2.5 million); 109 non-residential ($2.3 million).
- Guardian now has two offices and 125 employees.

46 **Robinson Alarm Co.**
Philadelphia, PA

1991 revenue (millions):	**$8**
Number of accounts:	**13,000**

- 1991 revenue and accounts are estimated.
- Ranked No. 20 on last year's SDM 100 commercial list.

47 **Central District Alarm Inc.**
St. Louis, MO

1991 revenue (millions):	**$7.9**
Number of accounts:	**9,300**

- Ranked No. 27 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 200 residential ($240,000); 521 non-residential ($1.3 million).
- Central District Alarm employs 97 people at one office.
- *SDM*'s 1985 Dealer of the Year.

48 **Sonitrol Security Systems of Hartford Inc.**, Hartford, CT

1991 revenue (millions):	**$7.4**
Number of accounts:	**9,000**

- Ranked 28 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 300 residential ($475,000); 700 non-residential ($1.8 million).
- On Dec. 30, 1991, Sonitrol of Hartford purchased A.A. Electronic Security Engineering, increasing its subscribers by 5,000. The acquisition is not reflected above.

49 **Protective Alarms Inc.**
Greenwich, CT

1991 revenue (millions):	**$7.2**
Number of accounts:	**8,300**

- Ranked No. 17 on last year's SDM 100 residential list.
- 1991 installations/revenue: 510 residential ($1.5 million); 190 non-residential ($650,000).
- Protective Alarms was founded in 1973 as a Dictograph franchise. The company employs 77 people.

50 **Ranger American Inc.**
San Antonio, TX

1991 revenue (millions):	**$7.2**
Number of accounts:	**11,000**

- Ranked No. 13 on last year's SDM 100 residential list.
- Ranger operates offices in Dallas, Austin, and San Antonio, TX, and Tampa, FL.
- 1991 installations/revenue: 5,465 residential ($4.1 million); 120 non-residential ($360,000).
- The company employs 125 people.

51 **Crime Blocker Inc.**
Fern Park, FL

1991 revenue (millions):	**$7**
Number of accounts:	**5,000**

- Ranked No. 16 on last year's SDM 100 residential list.
- Revenues rose 16.7% in 1991.
- 1991 installations/revenue: 1,975 residential ($6.5 million); 20 non-residential ($25,000).
- Crime Blocker sells and installs the AT&T wireless system modified for two-way voice monitoring.

No. 51, Crime Blocker Inc., Fern Park, FL.
Courtesy of Crime Blocker Inc.

52 **Vivitar Security Systems Inc.**
Torrance, CA

1991 revenue (millions):	**$6.8**
Number of accounts:	**4,200**

- Ranked No. 39 on last year's SDM 100 commercial list.
- Revenues increased 36% in 1991, primarily due to the acquisition of several alarm companies.
- 1991 installations/revenue: 150 residential ($500,000); 370 non-residential ($3 million).
- The firm designs, installs, and services integrated security systems.

53 American Home Security
Van Nuys, CA

1991 revenue (millions):	**$6.8**
Number of accounts:	**13,000**

- Ranked No. 15 on last year's SDM 100 residential list.
- Revenues increased 13% in 1991.
- 1991 installations/revenue: 507 residential ($1.01 million); 56 non-residential ($112,784).
- American Home Security has been in operation since 1974.

54 Diversified Alarm Inc.
Toledo, OH

1991 revenue (millions):	**$6.7**
Number of accounts:	**15,000**

- Ranked No. 14 on last year's SDM 100 residential list.
- 1991 installations/revenue: 1,250 residential ($1.9 million); 325 non-residential ($795,000).
- Diversified Alarm operates three offices and employs 115 people.

No. 53, American Home Security, Van Nuys, CA.
Courtesy of American Home Security

55 American Alarm Systems
Santa Ana, CA

1991 revenue (millions):	**$6.6**
Number of accounts:	**11,500**

- Ranked No. 33 on last year's SDM 100 commercial list.
- Revenues increased 15.8% in 1991.
- 1991 installations/revenue: 1,300 residential ($600,000); 650 non-residential ($2.4 million).
- American Alarm, founded in 1958, employs 77 people at one office.

56 Sentry Protective Systems
East Boston, MA

1991 revenue (millions):	**$6.5**
Number of accounts:	**13,000**

- Although legally still a part of The Alert Centre, Sentry Protective currently operates independently and has a lawsuit pending against Alert.
- Sentry employs 79 people at three locations.

57 Per Mar Security & Research Corp., Davenport, IA

1991 revenue (millions):	**$6.3**
Number of accounts:	**12,000**

- Ranked No. 29 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 500 residential ($661,500); 775 non-residential ($913,500).
- Per Mar added one new office and 15 employees in 1991.

No. 57, Per Mar Security & Research Corp., Davenport, IA
Courtesy of Per Mar Security & Research Corp.

58 Electronic Security Services Co. Ltd. Prtnrs., Nashville, TN

1991 revenue (millions):	**$6.2**
Number of accounts:	**9,700**

- 1991 installations/revenue: 750 residential ($1.2 million); 650 non-residential ($1.1 million).
- Electronic Security Services is the parent company of: ADS, Nashville, TN; Adco, Gadsden, AL; Alabama Protective Services, Tuscaloosa, AL; Bowman Intrusion Detection Systems, Augusta, GA; United Alarm Systems, Savannah, GA; and other firms.

59 DGA Alarm Services Inc.
New York, NY

1991 revenue (millions):	**$6**
Number of accounts:	**2,500**

- 1991 installations/revenue: 20 residential ($60,000); 600 non-residential ($1.2 million).
- DGA Alarm Services employs 90 people at two offices.

60 RFI Security Inc.
San Jose, CA

1991 revenue (millions):	**$6**
Number of accounts:	**n/a***

- 1991 installations/revenue: 40 residential ($100,000); 50 non-residential ($200,000).
- RFI Security has three offices and 75 employees.

* not available

61 Security Corp.
Royal Oak, MI

1991 revenue (millions):	**$5.9**
Number of accounts:	**1,400**

- Ranked No. 31 on last year's SDM 100 commercial list.
- 1991 installations: 40 residential ($69,000); 160 non-residential ($2 million).
- Security Corp. employs 85 people at four locations.

SDM 100

62 Engineered Protection Sys. Inc., Grand Rapids, MI

1991 revenue (millions):	**$5.9**
Number of accounts:	**5,800**

- 1991 installations/revenue: 180 residential ($445,000); 320 non-residential ($2.1 million).
- Engineered Protection employs 78 people at three locations.

No. 67, Security Inc., Bethesda, MD, was SDM's 1989 Dealer of the Year.

Courtesy of Security Inc.

63 Multimedia Security Service Wichita, KS

1991 revenue (millions):	**$5.7**
Number of accounts:	**27,000**

- 1991 installations/revenue: 600 residential ($450,000); 150 non-residential ($450,000).
- Multimedia monitors 1,000 dealer accounts.
- The company has 105 employees and operates two offices.

64 San Diego Alarm Co. San Diego, CA

1991 revenue (millions):	**$5.7**
Number of accounts:	**4,000**

- Ranked No. 30 on last year's SDM 100 commercial list.
- 1991 installations: 300 residential; 575 non-residential.
- San Diego Alarm employs 95 people at 1 office.

65 Security One Mentor, OH

1991 revenue (millions):	**$5.5**
Number of accounts:	**8,000**

- Ranked No. 38 on last year's SDM 100 commercial list.
- 1991 installations: 146 residential ($248,200); 335 non-residential ($1.3 million).
- The firm employs 75 people at three offices.

66 JWP Electronic Systems Concord, CA

1991 revenue (millions):	**$5.5**
Number of accounts:	**n/a***

- 1991 installations/revenue: 0 residential; 100 non-residential ($5.5 million).
- Of total revenues, 60% stems from access control systems.

* not applicable

67 Security Inc. Bethesda, MD

1991 revenue (millions):	**$5.3**
Number of accounts:	**6,300**

- Ranked No. 34 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 320 residential ($672,000); 449 non-residential ($1.7 million).
- A third of Security Inc.'s revenues is derived from access control system sales, service, and monitoring.
- *SDM*'s 1989 Dealer of the Year.

68 Alert Alarm Inc. Honolulu, HI

1991 revenue (millions):	**$5.1**
Number of accounts:	**6,100**

- Ranked No. 36 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 519 residential ($1.4 million); 483 non-residential ($600,000).
- Alert Alarm employs 61 people.

69 National Security Service Inc. Raleigh, NC

1991 revenue (millions):	**$4.9**
Number of accounts:	**6,000**

- Ranked No. 43 on last year's SDM 100 commercial list.
- Revenues increased 11.3% in 1991.
- National Security added eight new employees and one branch in 1991.
- 1991 installations/revenue: 259 residential ($319,000); 775 non-residential ($1.1 million).

70 General Security Systems Long Beach, CA

1991 revenue (millions):	**$4.8**
Number of accounts:	**8,000**

- Ranked No. 37 on last year's SDM 100 commercial list.
- General Security has been in business for 21 years.

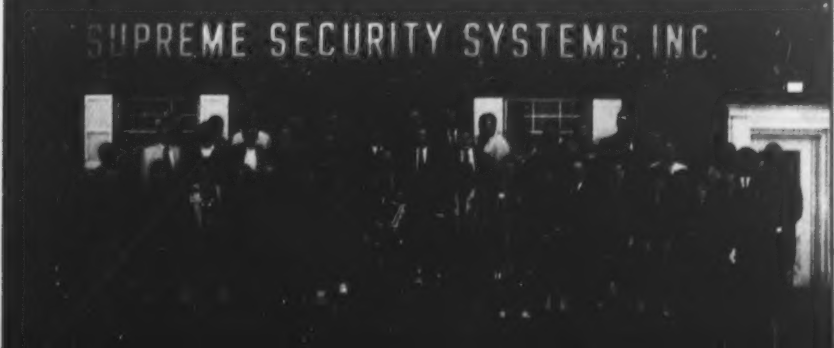
71 Norman Security Systems Chicago, IL

1991 revenue (millions):	**$4.8**
Number of accounts:	**4,500**

- Ranked No. 35 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 600 residential ($1.2 million); 900 non-residential ($3.6 million).
- In business since 1958.
- Norman Security employs 52 people at one location.

No. 72, Supreme Security Systems Inc., Hillside, NJ.

Courtesy of Supreme Security Systems Inc.

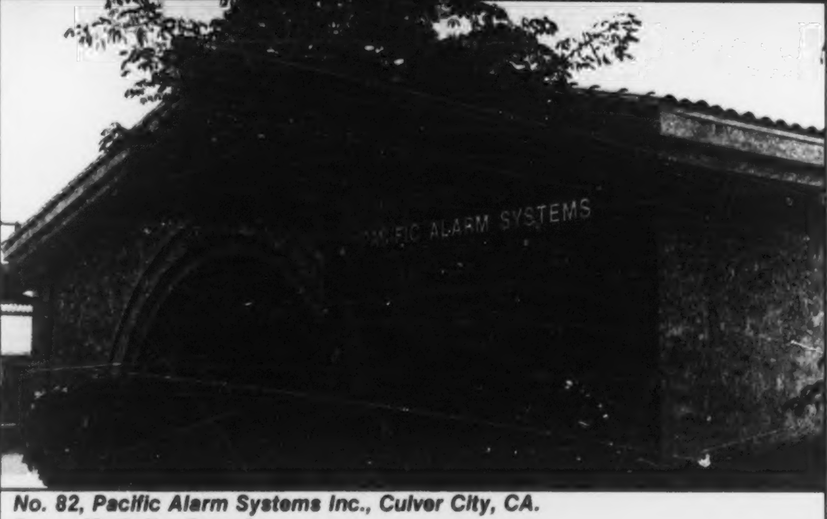


72 Supreme Security Systems Inc., Hillside, NJ

1991 revenue (millions):	**$4.8**
Number of accounts:	**6,036**

- Ranked No. 41 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 125 residential ($233,365); 169 non-residential ($641,410).
- The company acquired 700 accounts in 1991.
- *SDM* erroneously listed Supreme Security with 1,500 accounts in 1990. The correct number was 5,286.

SDM 100



No. 82, ***Pacific Alarm Systems Inc., Culver City, CA.***

Courtesy of Pacific Alarm Systems Inc.

73 **Alarms Unlimited**
Plainview, NY

1991 revenue (millions): **$4.5**
Number of accounts: **10,000**

- Ranked No. 22 on last year's SDM 100 residential list.
- Revenues increased 25% in 1991 as the firm acquired four companies and 2,825 accounts.
- 1991 installations/revenue: 420 residential ($714,000); 105 non-residential ($126,000).
- Alarms Unlimited monitors 13,000 accounts for other dealers.

74 **Security Communications Inc.**
Bellerose, NY

1991 revenue (millions): **$4.5**
Number of accounts: **7,500**

- Ranked No. 40 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 180 residential ($530,000); 200 non-residential ($980,000).
- Of total revenues, 91% is derived from burglar alarms.
- Security Communications employs 60 people at one office.

75 **George Alarm Co. Inc.**
Springfield, IL

1991 revenue (millions): **$4.5**
Number of accounts: **4,500**

- Ranked No. 45 on last year's SDM 100 commercial list.
- 1991 installations: 150 residential ($200,000); 400 non-residential ($600,000).
- George Alarm employs 50 people at four offices.
- The company has been family owned and operated for 36 years.

76 **Securus Inc.**
Denver, CO

1991 revenue (millions): **$4.4**
Number of accounts: **n/a***

- 1991 installations: 0 residential; 1,625 non-residential ($4.4 million).
- Securus employs 48 people at two locations.

* not applicable

77 **Automatic Detection Systems Inc.**, Birmingham, AL

1991 revenue (millions): **$4.3**
Number of accounts: **6,000**

- Ranked No. 44 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 335 residential ($800,000); 255 non-residential ($700,000).
- Automatic Detection Systems employs 58 people at one office.

78 **Operational Security Systems Inc.**, Atlanta, GA

1991 revenue (millions): **$4.2**
Number of accounts: **n/a***

- 1991 installations/revenue: 0 residential; approximately 95 non-residential ($3.2 million).
- Of total revenues, 80% stems from integrated systems.

* not applicable

79 **The Greater Alarm Company Inc.**, Huntington Beach, CA

1991 revenue (millions): **$4**
Number of accounts: **3,540**

- Ranked No. 46 on last year's SDM 100 commercial list.
- *SDM*'s 1988 Dealer of the Year.
- 1991 installations/revenue: 375 residential ($725,000); 265 non-residential ($1.1 million).
- Greater Alarm employs 46 people at one location.

80 **Midnight Burglar Alarm Systems Inc.**, Flint, MI

1991 revenue (millions): **$4**
Number of accounts: **5,500**

- Ranked No. 20 on last year's SDM 100 residential list.
- 1991 installations/revenue: 475 residential ($400,000); 250 non-residential ($375,000).

81 **Adco Federal Alarm Systems Inc.**, Port Chester, NY

1991 revenue (millions): **$3.9**
Number of accounts: **9,000**

- 1991 installations/revenue: 230 residential ($575,000); 93 non-residential ($430,500).
- Adco Federal monitors 1,000 dealer accounts.
- The firm employs 44 people at two offices.

82 **Pacific Alarm Systems Inc.**
Culver City, CA

1991 revenue (millions): **$3.8**
Number of accounts: **3,500**

- Ranked No. 48 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 150 residential ($195,000); 275 non-residential ($625,000).
- Pacific Alarm Systems has been in business since 1953.

83 **Metroplex Security Systems Inc.**, Dallas, TX

1991 revenue (millions): **$3.7**
Number of accounts: **6,300**

- 1991 installations/revenue: 1,230 residential ($345,000); 40 non-residential ($850,000).
- Metroplex is involved in the multi-family security market. The firm also is a distributor for major fire, CCTV, and intercom product lines in Dallas.
- The company has been in business since 1985.

84 **Security of Los Angeles Inc.**
Van Nuys, CA

1991 revenue (millions): **$3.7**
Number of accounts: **2,500**

- 1991 installations/revenue: 36 residential ($90,000); 720 non-residential ($3.2 million).
- Security of Los Angeles operates offices in Van Nuys and Tustin, CA, and employs 50 people.

SDM 100 earns high averages

Average revenue per company **$24.69 million**
Average number of accounts per company **27,527**
Average annual revenue per account **$897**
Average annual revenue per employee **$97,333**

Source: Security Distributing & Marketing, 1992

SDM 100

85 **Delta Audio-Visual Security Inc.,** Harahan, LA

1991 revenue (millions): **$3.7**
Number of accounts: **n/a***

- The majority of systems sold by Delta are large, proprietary systems that are monitored by an in-house security staff.
- Delta ranked No. 50 on last year's SDM 100 commercial list.
- 1991 installations/revenue: 0 residential; 180 non-residential ($3 million).
- Delta was founded in 1945.

* not applicable

86 **Security Systems Inc.** Boca Raton, FL

1991 revenue (millions): **$3.6**
Number of accounts: **9,700**

- 1991 installations/revenue: 80 residential ($80,000); 350 non-residential ($600,000).
- Security Systems monitors 4,000 dealer accounts.

No. 93, Dallas Security Systems Inc., Dallas, TX.

Courtesy of Dallas Security Systems Inc.

87 **John J. Harding Co., Ltd.** Honolulu, HI

1991 revenue (millions): **$3.6**
Number of accounts: **n/a***

- 1991 installations/revenue: 15 residential; 125 non-residential ($2 million).
- Of total revenue, 39% is derived from fire alarm systems, 30% from access control, 20% from CCTV systems, and 10% from integrated systems.
- Harding has one office and employs 21 people.

* not applicable

88 **Sentry Protective Alarms Inc.** Kansas City, MO

1991 revenue (millions): **$3.5**
Number of accounts: **5,000**

- 1991 installations/revenue: 240 residential ($300,000); 255 non-residential ($1.7).
- Sentry operates three business locations and employs 60 people.

89 **ElectroSecurity Corp.** Van Nuys, CA

1991 revenue (millions): **$3.5**
Number of accounts: **3,500**

- Ranked No. 59 on last year's SDM 100 commercial list.
- Revenues rose 52.2% in 1991, primarily due to a 500-account acquisition and garnering some key commercial subscribers.
- 1991 installations/revenue: 10 residential ($23,000); 180 non-residential ($1 million).
- ElectroSecurity monitors approximately 5,000 dealer accounts.

90 **Wolverine Electronics Security Systems Inc.,** Flint, MI

1991 revenue (millions): **$3.5**
Number of accounts: **12,303**

- Ranked No. 23 on last year's SDM 100 residential list.
- 1991 installations/revenue: 1,080 residential ($1.03 million); 141 non-residential ($352,774).
- Wolverine employs 60 people at two offices.

91 **Beachwood Security Systems** Cleveland, OH

1991 revenue (millions): **$3.4**
Number of accounts: **6,500**

- Ranked No. 26 on last year's SDM 100 residential list.
- 1991 installations/revenue: 500 residential ($800,000); 300 non-residential ($750,000).
- Beachwood monitors 9,500 accounts for other dealers.

92 **Night Owl Security Inc.** Landover, MD

1991 revenue (millions): **$3.4**
Number of accounts: **5,000**

- Ranked No. 25 on last year's SDM 100 residential list.
- Central station became UL listed in 1991.
- Night Owl added 26 employees last year, primarily to support a new direct-marketing program selling an AT&T security system.
- 1991 installations: 750 residential ($1.1 million); 500 non-residential ($660,000).

93 **Dallas Security Systems Inc.** Dallas, TX

1991 revenue (millions): **$3.4**
Number of accounts: **1,800**

- Ranked No. 52 on last year's SDM 100 commercial list.
- Revenues increased 11.7% in 1991.
- Revenue reflects operations of Dallas Security Systems and Dallas Security/Fire.
- 1991 installations/revenue: 120 residential ($192,000); 250 non-residential ($1.6 million).

94 **Corporate Protection Services Inc.,** Toledo, OH

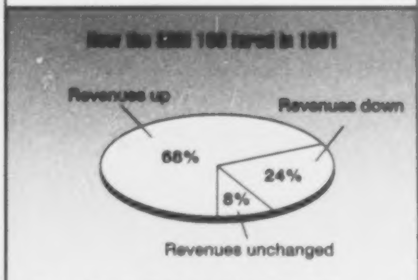
1991 revenue (millions): **$3.3**
Number of accounts: **5,200**

- 1991 installations/revenue: 260 residential ($312,000); 438 non-residential ($2.1 million).
- Central station recently UL listed.
- Corporate Protection employs 42 people at one office.

95 **Dymaxion Inc.** San Diego, CA

1991 revenue (millions): **$3.3**
Number of accounts: **307**

- Of total 1991 revenue, 41% is derived from access control systems and 22% from integrated systems.
- 1991 installations/revenue: 1 residential system ($3,643); 37 non-residential ($1.5 million).



Source: Security Distributing & Marketing, 1992

96 **American Alarm & Comm. Inc.** Arlington, MA

1991 revenue (millions): **$3.2**
Number of accounts: **5,700**

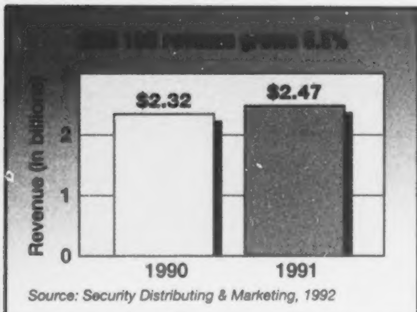
- Ranked No. 24 on last year's SDM 100 residential list.
- 1991 installations/revenue: 204 residential ($762,000); 126 non-residential ($300,000).
- American Alarm employs 40 people at one office.

97 **D&W Central Station Alarm Co. Inc.,** New York, NY

1991 revenue (millions): **$3.2**
Number of accounts: **3,000**

- Ranked No. 56 on last year's SDM 100 commercial list.
- Revenues increased 28% in 1991.
- 1991 installations/revenue: 40 residential ($80,000); 400 non-residential ($400,000).
- D&W employs 50 people at one location.

SDM 100



Source: Security Distributing & Marketing, 1992

No. 98, Protect Alarms, Allentown, PA, has been in business for more than 26 years.

Courtesy of Protect Alarms

98 **Protect Alarms**
Allentown, PA

1991 revenue (millions): **$3.1**
Number of accounts: **5,500**

- Ranked No. 53 on last year's SDM 100 commercial list.
- Protect closed two branch offices during 1991.
- 1991 installations: 100 residential; 200 non-residential.
- The company employs 55 people.

99 **Altronics Security Systems**
Bethlehem, PA

1991 revenue (millions): **$3.1**
Number of accounts: **4,000**

- 1991 installations/revenue: 150 residential ($270,000); 120 non-residential ($474,000).
- Altronics monitors 9,000 accounts for other dealers.
- The company employs 60 people at two locations.

100 **Security Partners Inc.**
Fort Worth, TX

1991 revenue (millions): **$3**
Number of accounts: **9,600**

- Ranked 34 on last year's SDM 100 residential list.
- 1991 installations/revenue: 1,951 residential ($575,000); 123 non-residential ($145,000).
- Security Partners plans to have its central station UL listed this year.
- Of total revenue, 95% is derived from burglar alarm systems.

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SDM® Update

Statistics on market conditions and trends

Tools to battle false alarms

Security-installing companies are taking a multi-faceted approach to solving the false alarm problem. According to a survey conducted for the Alarm Industry Research and Education Foundation (AIREF), companies mention, on the average, eight different steps they take to prevent false alarms. Several steps are almost universal among the members of the National Burglar & Fire Alarm Association that participated in the survey:

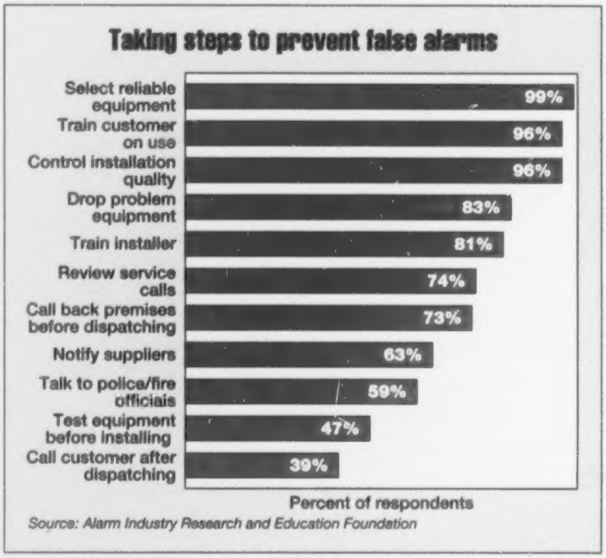
- Selecting reliable equipment, mentioned by 99%
- Training customers in system use, 96%
- Controlling quality of installations, 96%.

Dropping problematic equipment and training installers to prevent false alarms are measures mentioned by more than 8 in 10 companies. Nearly three-fourths say they call the customer to verify the alarm before dispatching police.

When asked which three preventive steps are most effective against false alarms, survey respondents pointed most often to customers and to equipment. Training customers in how to use their security systems is most effective, say 61%. Selecting reliable equipment is most effective, say 59%.

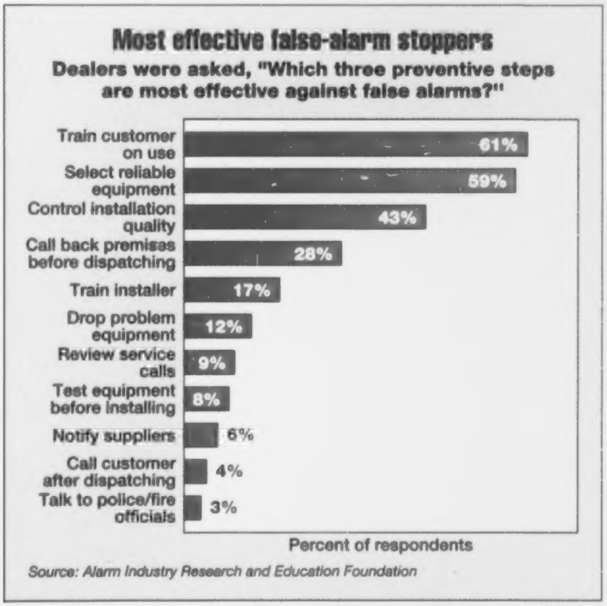
Alarm verification, which is not used by 27% of companies in the survey, is still considered by 28% to be an effective way of preventing unnecessary police dispatches.

The poll is part of a major effort by AIREF, through its False Alarm Prevention Coalition, to support the industry's fight against false alarms. For more information on the False Alarm Prevention Coalition, contact AIREF in care of NBFAA, 7101 Wisconsin Ave., Suite 1390, Bethesda, MD, 20814; (301)907-3202.



Source: Alarm Industry Research and Education Foundation

Surveyed members of the NBFAA use, on average, eight measures to help security users prevent false alarms.



Source: Alarm Industry Research and Education Foundation

Most-effective measures for preventing false alarms were identified in a new survey by AIREF.

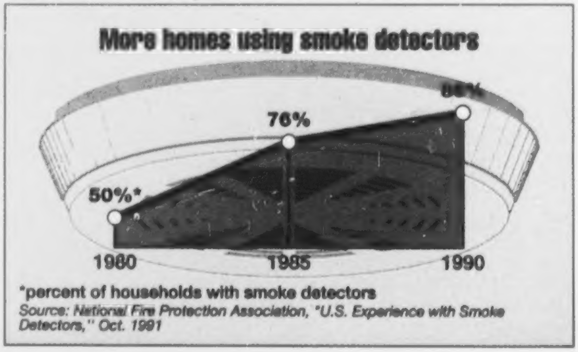
Check customer smoke detectors regularly

If you don't already do it, you and/or your customers should regularly test installed smoke detectors. In fact, smoke detectors and the practice of regular testing will be the theme of this year's National Fire Prevention Week, scheduled for Oct. 4 to 10.

"Having adequate smoke detector protection in your home is absolutely key to fire survival," says a spokesperson at the National Fire Protection Association. NFPA reports that homes with smoke detectors have a death rate of about 40% less than homes without detectors.

A seventh of homes have no detectors at all and another two-sevenths have detectors that do not work, primarily because of dead or missing batteries. NFPA recommends testing smoke detectors regularly and replacing batteries regularly or as needed.

Eighty-six percent of U.S. homes contained a smoke detector in 1990, up from 50% in 1980 and 22% in 1977.



*percent of households with smoke detectors

Source: National Fire Protection Association, "U.S. Experience with Smoke Detectors," Oct. 1991

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Integrated Access Control

Alarms Really Do Work

Installation Techniques Quiz

Pagers for Installers

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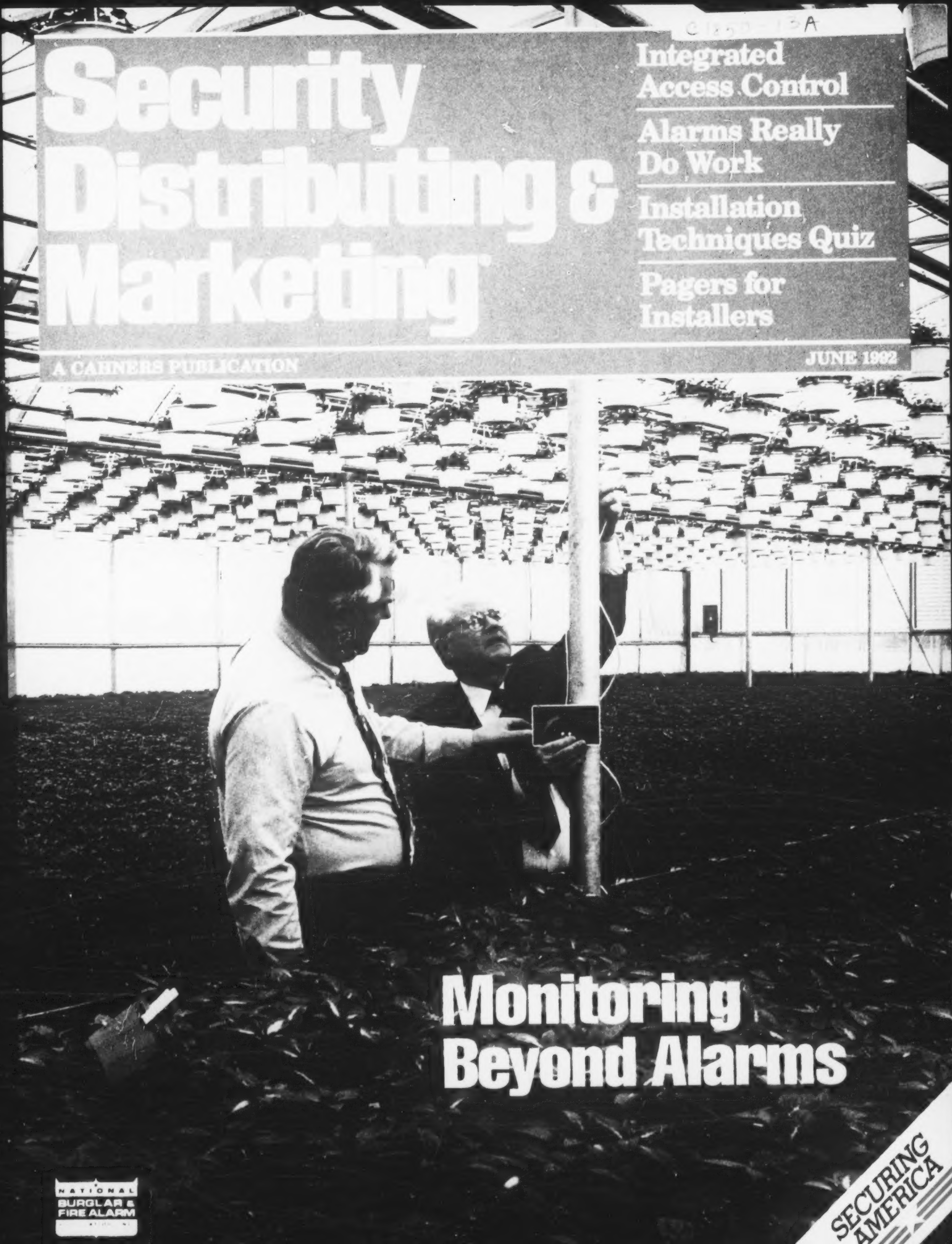

Monitoring Beyond Alarms

NATIONAL BURGLAR & FIRE ALARM

SECURING AMERICA

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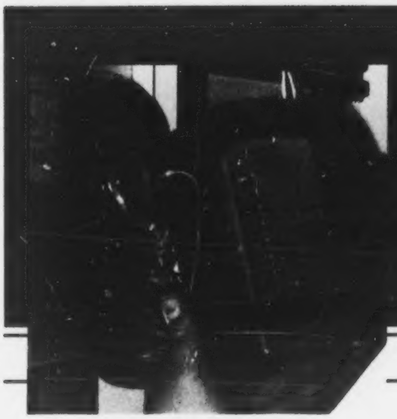
A Cahners Publication Volume 22, No. 7 June 1992



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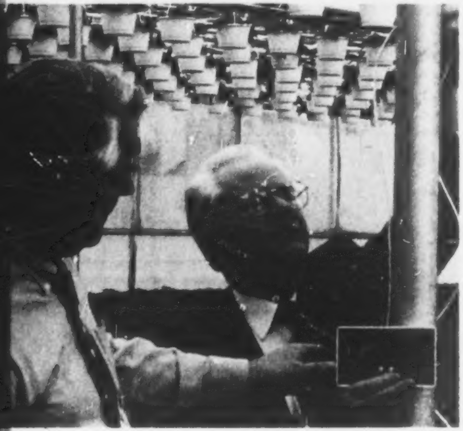
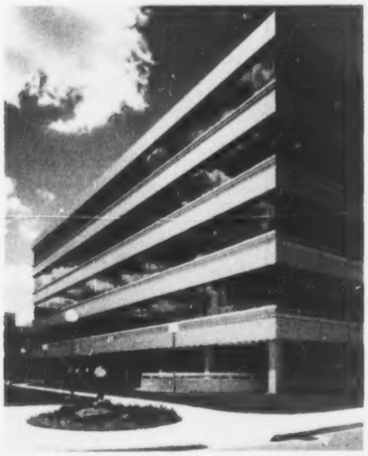


60 *Monitoring enviromental alarms boosts revenue.*



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ABOUT THE COVER

The business of installing and monitoring environmental alarms has added longevity to Gene Franklin's (right) accounts and has provided his company, Safe Security, Buffalo, NY, access to clients outside of the burglar and fire alarm market. See page 60.

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HOME SECURITY

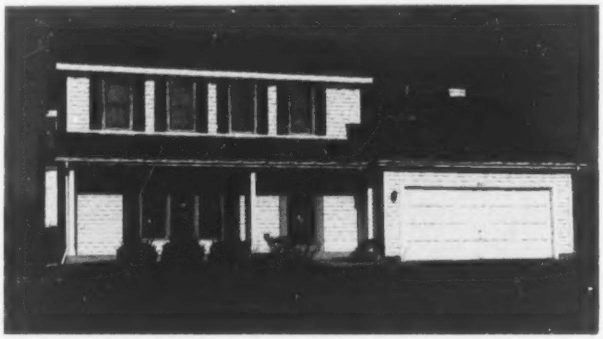
Proof that Alarms Really Work

The second in a series of articles offers scientific proof that alarm systems effectively avert residential burglaries.

By Simon Hakim and Andrew Buck

Alarm industry professionals often must field questions from prospective security system owners about the effectiveness of alarms. A study that examined burglaries and their relationships to alarm systems provides a definite answer to the question: Are burglar alarm systems effective?

The study, "The Effectiveness of Burglar Alarms," was conducted between 1989 and 1991 in three Philadelphia suburbs. The study is based on a survey of 1,147 residential and commercial dwellings. The groups that were surveyed are: burglarized alarm owners, burglarized non-alarm owners, non-burglarized alarm owners, and a matched control group of non-burglarized, non-alarm owners. This article reports the results of the residential portion of the study. Subsequent articles in *SDM* will address the commercial sector results.



Homes without alarm systems are nearly three times more likely to be burglarized than homes with alarm systems, according to the study.

A home is broken into. The next morning, the neighbors are scared into action. Many, including the homeowner who was victimized, call and get quotes for a security system. Several actually purchase a system.

While peace of mind is the initial benefit these homeowners get from buying an alarm system, few of the buyers realize that alarm systems really do ward off crime.

A study that explored the connection between burglaries and alarm systems found that burglars choose the homes they plan to victimize based on four sequential factors: the property's adjacency to major streets, the affluency of the neighborhood, the attractiveness of the home compared with neighboring homes, and the security precautions, if any, that are taken by the homeowners.

The study revealed that homes that are located in different neighborhoods are at different levels of burglary risk. For example, a home that is located in an affluent area is exposed to twice as many burglaries as its equal counterpart in a less affluent locality.

In addition, the study uncovered another major factor that determines whether a home gets burglarized: an alarm system.

Reduced risk

Alarmed homes are less likely to be victimized than non-alarmed homes under equal environmental conditions. In fact, the burglary probability of non-alarmed properties is 2.7 times greater than that for alarmed homes, a factor that is based on actual burglary rates of the three suburbs that were studied in the report.

In addition, the higher the value of the home, the greater the risk of burglary, but the more effective the alarm is. In Springfield, PA, which is a working class suburb with a median home value of $58,600, non-alarmed homes were burglarized 2.3 times more than alarmed homes. In Tredyffrin, PA, which, in 1989 when the survey was begun, had a median home value of $98,700, non-alarmed homes were found to be 2.9 times more likely to be burglarized than alarmed homes. As further evidence, of the homes in Tredyffrin that were valued above $100,000, those without an alarm were 3.1 times more likely than homes with alarms to be burglarized.

The few alarmed properties that were burglarized in the study had some distinctive characteristics: They were all located in close proximity to heavily traveled roads. They were very expensive and visible. They had fewer yard signs than other non-burglarized alarmed homes. Most importantly, the homeowners took significantly fewer security precautions in addition to an alarm system.

Although alarm owners in general are more sensitive to security and take more precautionary measures than do non-owners, the study shows that alarmed homes that were burglarized relied merely on the alarm system for security, more so than non-burglarized alarm owners. In addition, owners of alarmed homes that were burglarized took fewer precautions than even a group of non-alarmed, non-burglarized households suggesting that alarms work best as part of a larger plan.

The figure, "Best bet against burglary: alarm plus precautions," shows the probability of burglary for the four groups

What constitutes complete security?

While burglar alarms are effective crime stoppers by themselves, a complete security package requires more. Alarm owners should support their alarm systems by taking the following measures.

1. Deterrence: car in the driveway, timed and motion-sensitive indoor and outdoor lights, timed radio and TV, alarm company yard sign.

2. Prevention: deadbolt locks, solid wood door frames, window stoppers.

3. Detection: central-station-monitored electronic security system.

studied. Based on the survey's results, the likelihood of being burglarized is nearly 11 times higher if no precautions and no alarm are present than if both measures are present. A homeowner who takes many precautions, but is not protected with an alarm, has a lower chance of being burglarized than a homeowner who owns an alarm but takes less than three additional precautions.

Security package

Based on these findings, it appears that a package of security precautions, with an alarm system playing a central role, is essential in residential protection. The survey results identified three elements—deterrence, prevention, and detection—that should be addressed in this package.

Deterrence measures send a signal to the outside world that somebody is home. The most distinct measures are a car in the driveway, timed and motion-sensitive exterior and interior lights, a timed radio or television, and a yard sign from a known alarm company.

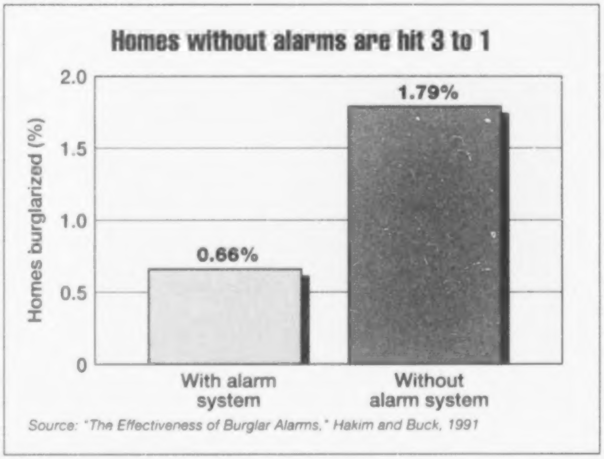
Prevention measures make penetration more difficult and time-consuming. The most effective measures are deadbolt locks on all ground-level exterior doors. Solid door frames are essential for the locks to be effective. The windows also should be equipped with some mechanism that makes it more difficult to open them.

Detection measures detect an intruder once he is on the premises. Only a perimeter and interior alarm that covers at least the entire first floor and is connected to a central station can satisfy the detection criterion.

While the study proved without a doubt that alarms are effective, increasing in effectiveness as home value increases, it also revealed that an alarm system is an essential part of a complete security package, aimed at reducing the chance of residential burglary to its lowest possible level. **SDM**

Simon Hakim and Andrew Buck are professors of economics at Temple University, Philadelphia. Watch future issues of SDM *for other articles in this series, which will cover characteristics of alarm owners and effectiveness of non-residential alarms.*

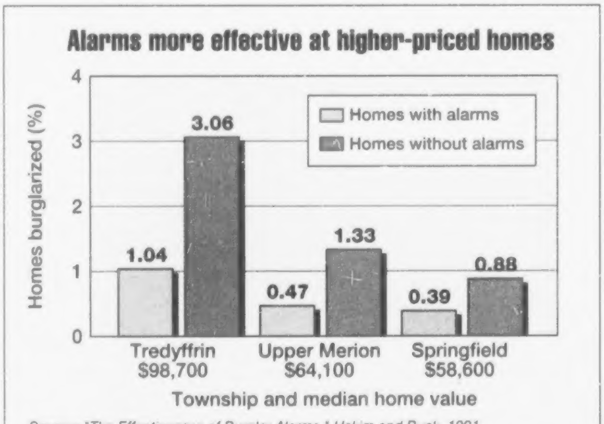
Editor's Note: The entire study, "The Effectiveness of Burglar Alarms," is available from the National Burglar & Fire Alarm Association, 7101 Wisconsin Ave., Suite 1390, Bethesda, MD 20814-4805; telephone (301)907-3202, or circle **445** *on the reader service card.*



Homes without alarms are hit 3 to 1

Source: "The Effectiveness of Burglar Alarms," Hakim and Buck, 1991

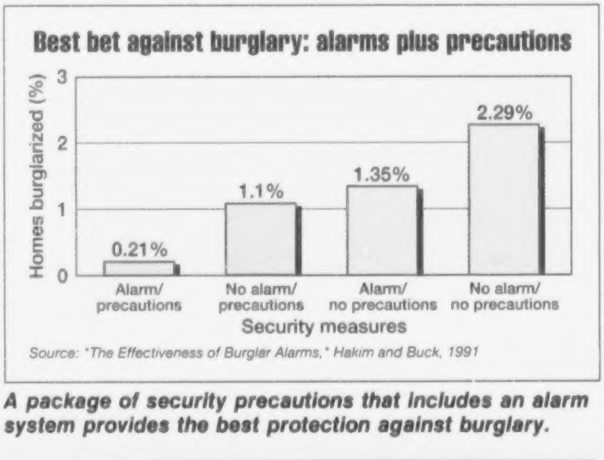
Non-alarmed homes are burglarized 2.7 times more often than those with alarms.



Alarms more effective at higher-priced homes

Source: "The Effectiveness of Burglar Alarms," Hakim and Buck, 1991

Expensive homes have a greater exposure to burglary, but alarm systems are more effective at protecting them.



Best bet against burglary: alarms plus precautions

Source: "The Effectiveness of Burglar Alarms," Hakim and Buck, 1991

A package of security precautions that includes an alarm system provides the best protection against burglary.

SDM Update

Statistics on market conditions and trends

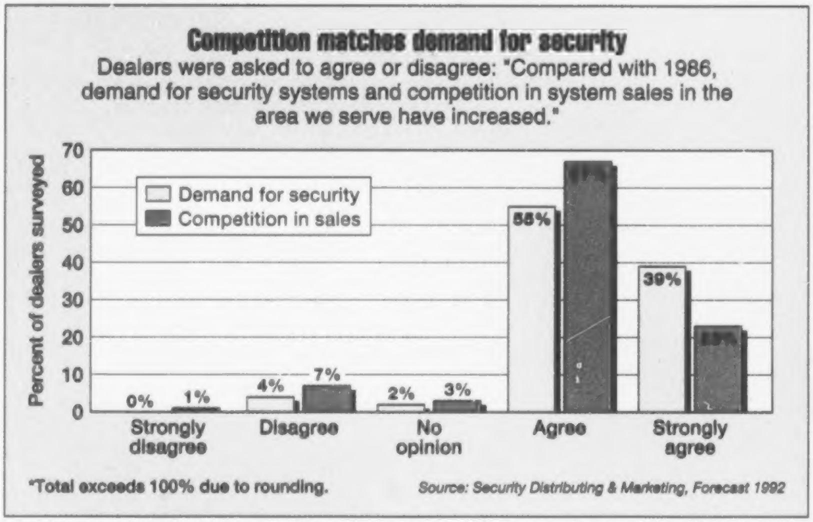
Who's your toughest competitor?

By Laura E. Stepanek
Senior Editor, SDM

A recent survey conducted by *Security Distributing & Marketing* shows that, while sources of competition in the security industry have changed considerably over the past five years, alarm dealers believe that the growth in competition has kept pace with the growth in demand for security systems.

In 1987, 31% of security dealers who participated in *SDM*'s annual Forecast survey stated that large security companies presented the toughest competition for their businesses, while 32% thought that their stiffest competition came from smaller alarm companies.

Only five years later, in the 1992 survey, 44% said large or national companies provide their stiffest competition, 21% think small alarm companies are the prime source of competition.



Competition matches demand for security

Dealers were asked to agree or disagree: "Compared with 1986, demand for security systems and competition in system sales in the area we serve have increased."

*Total exceeds 100% due to rounding.

Source: Security Distributing & Marketing, Forecast 1992

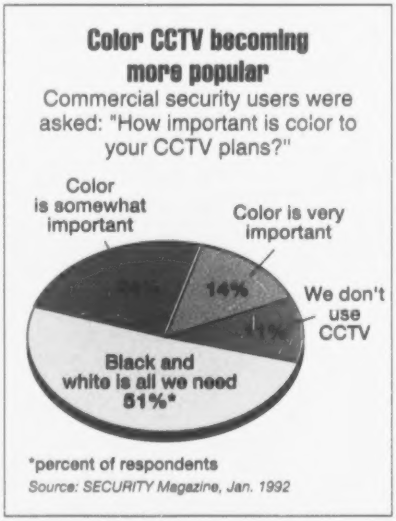
Ninety percent of dealers believe that demand for security systems has increased since 1986 and 94% think that competition has increased likewise.

Planning for CCTV end-user needs

Planning for the future growth of your business is easier if you know more about trends in end-user markets. For example, are commercial security users relying more on color CCTV in their facilities? If you supply access control systems, are you aware of how often end-users need new cards?

A January, 1992 study by *Security*, the magazine for buyers of security products, systems, and services, revealed that 38% of its readers said color is either very important or somewhat important to their CCTV plans.

In a similar survey conducted in July, 1991 by *Security*, 33% indicated they would switch from black-and-white to color in their next CCTV upgrade. In a July, 1989 survey, 26% said they currently use color and of the 74% who do not, a fifth said they have a need for it.



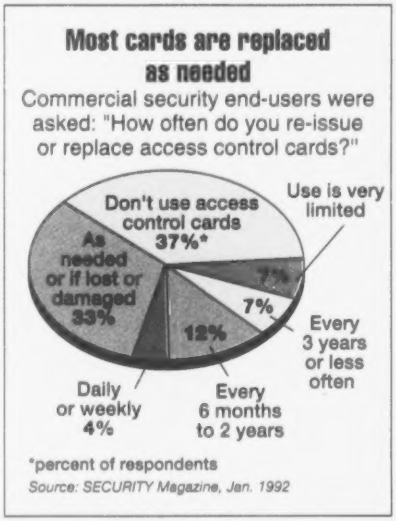
Color CCTV becoming more popular

Commercial security users were asked: "How important is color to your CCTV plans?"

*percent of respondents

Source: SECURITY Magazine, Jan. 1992

Acceptance is reflected in business security. More and more, end-users are requesting color CCTV systems.



Most cards are replaced as needed

Commercial security end-users were asked: "How often do you re-issue or replace access control cards?"

*percent of respondents

Source: SECURITY Magazine, Jan. 1992

A third of end-users replace access control cards as needed, when cards are lost or damaged.

Revenue from cards

Part of being an access control dealer is supplying access cards, which can be a source of recurring revenue if you supply large-volume end-users.

How often do users need cards? According to the *Security* magazine study, a third of users replace cards as needed, if they are lost or damaged, 12% replace cards every six months to two years, 7% every three years or less, 7% infrequently, and 4% daily or weekly.

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A Cahners Publication *Volume 22, No. 8* *July 1992*

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James Glacchetti, field coordinator for First Security Systems Inc., Naperville, IL, installs a proximity reader on an access control system in a commerical environment. For more on making the most of access-control systems, turn to page 64.

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HOME SECURITY SERIES

Alarm System Sales: Who Buys, Who Doesn't

Price is the primary motivator in the consumer electronic security buying decision.

By Simon Hakim and Andrew Buck

Photo courtesy of Interactive Technologies Inc.

Families with children who live in the vicinity of a recent burglary are prime prospects for a security system.

A recent network television program reported that 17% of Americans own a camcorder, a purchase that could cost in excess of a thousand dollars with accessories. Yet, according to various security industry statistics, only 7% to 10% of U.S. households are equipped with a security system. The growth of security system ownership virtually crawls compared with the blinding speed at which consumers purchase electronic equipment.

Clearly, the electronic security industry's marketing efforts need a boost. Consumer demographics are one of the best tools for formulating a successful marketing program. Marketing planners need to understand what motivates people to buy alarm systems. They need answers to questions such as: What are the socio-economic characteristics of alarm owners? What are the main reasons they purchase alarm systems? Why don't others with similar profiles buy alarms?

A study on the effectiveness of alarm systems probed these questions. According to security system owners and non-owners who were studied, the main motive for buying a security system is for personal protection—more often to protect one's spouse and children than to protect property.

More than any other reason, security systems are purchased when that protection is affordable, a factor mentioned by 46% of survey respondents.

Having an acquaintance who was victimized is the second most common reason people purchase alarm systems, mentioned by 38%.

Most people don't buy a security system to "keep up with the Joneses," however. Only 12% said that they acquired an alarm system because their neighbors had one. In fact, 36% of alarm owners do not know whether the same alarm company protects their neighbors, according to the study.

Often a single factor is not enough to prompt an alarm purchase. More than 60% of alarm owners bought their systems for a combination of two reasons. One of the most common combinations cited was that a family feels it can afford an alarm system and learns that an acquaintance, typically a neighbor, was recently burglarized.

When asked which features of a security system caused them to buy, 65% of the consumers said they bought the system for its burglar detection function. Only 5% said they bought a system for its fire detection function, which is incongruous with the widely professed consumer preference for protecting loved ones over property.

The factors that compel people to buy alarm systems are probably old hat to most dealers. Perhaps more mysterious are the reasons for not purchasing one.

Why not buy an alarm?

In the study, the most frequently cited reason for not purchasing a security system, mentioned by 46%, is that they are too expensive. Yet the homeowners studied have relatively high incomes, which suggests that although they probably can afford a system, they do not consider it to be a cost-effective investment.

The second most frequent reason for not purchasing electronic security, mentioned by 42%, is that the respondents simply had not thought about it. Most homeowners give some thought to burglary. A high percentage report that they know someone who has been burglarized. These same homeowners

Study methodology

A study, "The Effectiveness of Burglar Alarms," was conducted in three suburban Philadelphia communities between 1989 and 1991. Questionnaires were mailed to 1,110 alarm owners and a matching group of 789 non-alarm owners who live adjacent to the owners. The response rate was 42%.

probably also can recite the usual litany of steps to take to improve home security. What appears to be lacking is the alarm industry's presence in the public eye, which would lead consumers to consider an alarm system for protection.

Third on the list of reasons for not purchasing a security system, mentioned by 25%, is the concern about the nuisance that might be caused by false alarms. Additionally, the perception that false alarm fines are too steep kept 11% from purchasing a system.

A relatively small group, only 9%, think that alarm systems are ineffective. This is consistent with the results of a nationwide study conducted last year by The Consumer Network Inc., Philadelphia (reported in *SDM*), which show that a large majority, 68%, of consumers believe that home burglar alarms are effective.

Economic profile

A distinct economic profile of an alarm owner was revealed by the study. Alarm owners have at least 10% higher incomes than non-owners and their homes have an assessed value that is at least 14% higher than the homes of non-owners. The average annual household income of an alarm owner is $92,966; of a non-owner, $69,300.

The wealthier the community, the greater the difference in income between alarm owners and non-owners. For example, in the community studied that had the lowest average income, alarm owner income is 10% higher than that of non-owners. In the middle-income community studied, the average income of alarm owners is 41% higher than non-owners. In the wealthiest community, average income of alarm owners is 46% higher. Also, the higher the income bracket, the larger the percentage of alarm owners in a given community.

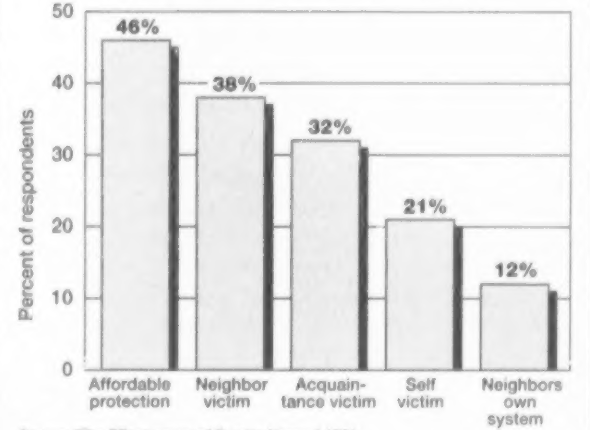
Using the statistics

In addition to revealing the economic and motivational profiles of an alarm owner, the study showed that elderly people are less likely to buy alarms than are families with young children. Several respondents said the female head of the household was the driving force behind the purchase.

Higher-income households with children, especially those in the immediate neighborhood of a home that has been burglarized, are excellent candidates for purchasing alarm systems. Because the female head of the household tends to instigate the purchase, women are probably a natural focus for any marketing effort. **SDM**

Simon Hakim and Andrew Buck are professors of economics at Temple University, Philadelphia. Watch future issues of SDM *for other articles in this series, which will discuss the effectiveness of non-residential alarm systems.*

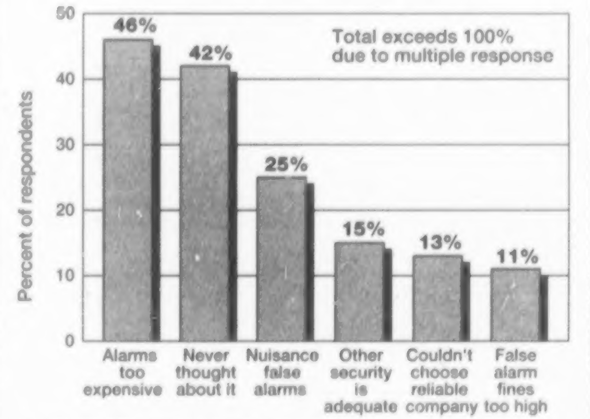
Top motivators for alarm purchases



Source: "The Effectiveness of Burglar Alarms," 1991

Why do people buy security systems? The most often cited reason is because it's affordable protection.

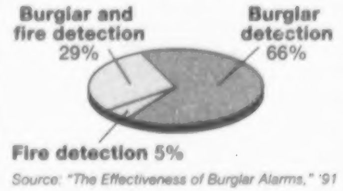
Why people don't buy alarms



Source: "The Effectiveness of Burglar Alarms," 1991

Nearly half of the study's respondents said electronic security is just too expensive for their budgets. Almost an equal number have simply not considered an alarm system.

Best-liked alarm feature



Source: "The Effectiveness of Burglar Alarms," '91

Two-thirds of alarm owners liked their system's burglar detection feature best, while about three out of 10 bought a system for both the burglar and fire detection functions.

SDM® Update

Statistics on market conditions and trends

A new forecasting tool

By Laura E. Stepanek
Senior Editor, SDM

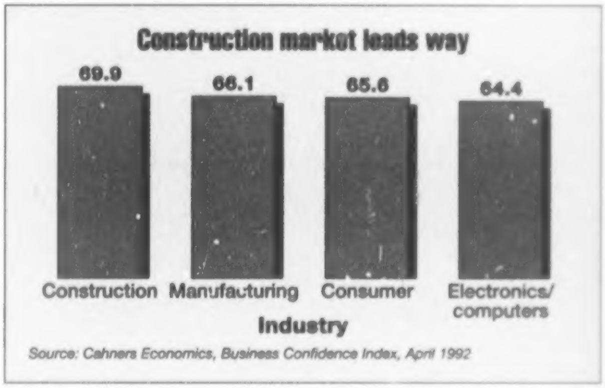
A new tool is available to help you track the health of the economy. The Business Confidence Index was developed by the Economics Dept. of Cahners Publishing Co., Newton, MA. Cahners also publishes *Security Distributing & Marketing.* Each month, the index surveys 400 U.S. manufacturing firms about business functions that affect the overall condition of the economy such as employment, marketing spending, production, capital spending, inventories, research and development spending, and product introductions.

The index registers overall, nationwide results, as well as results by region—Northeast, South, Midwest, and West. It also divides industry into four sectors—electronics/computers, general manufacturing, construction, and consumer. The construction sector results provide the closest economic indicator for the security industry. The companies surveyed for this sector are those that manufacture windows, doors, and other products for new construction, a market the security industry also serves.

In April, the Business Confidence Index increased for the fourth consecutive month to 66.5 points. The business index scores can range from 0 to 100, with 50 being a neutral or base point.

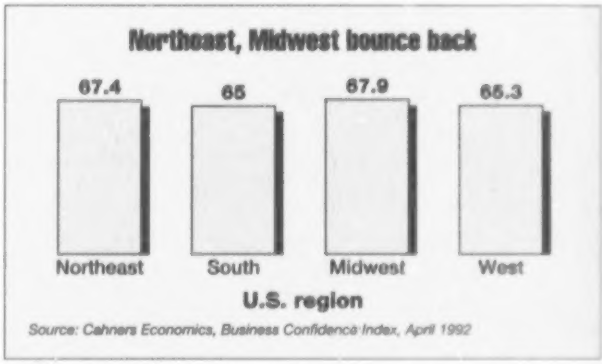
Simply stated, numbers above 50 show economic growth and numbers below 50 indicate a shrinking economy.

The April survey provides the first firm evidence of planned employment increases. More than a third of survey respondents (37%) indicated that their businesses are planning to increase employment or hours worked over the next three months. Only 4% of the survey respondents are planning to scale back employment.


Construction market leads way

Source: Cahners Economics, Business Confidence Index, April 1992

Companies that manufacture new-construction products had the greatest confidence in the U.S. economy in April.


Northeast, Midwest bounce back

Source: Cahners Economics, Business Confidence Index, April 1992

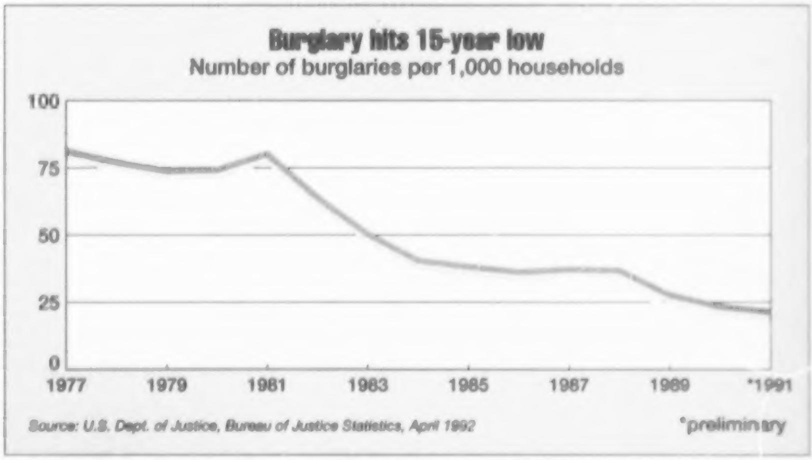
In April, manufacturing firms in the Northeast and Midwest recorded the highest business confidence levels.

Burglary rate hits all-time low

Preliminary 1991 crime figures, which have just been released, show that there were fewer burglaries last year than in 1990 and that the burglary rate is at or near its lowest point since the crime survey began in 1973. Between 1981 and 1991 alone, annual burglary rates have declined 40%.

The report, from the U.S. Department of Justice, which bases its information on the National Crime Victimization Survey, takes rising population into account by comparing annually the number of crimes per 1,000 households, not just the total number of crimes.

In 1991, there were an estimated 52.6 burglaries per 1,000 households. In 1986, the rate was 61.5. In 1981, it was 87.9.


Burglary hits 15-year low
Number of burglaries per 1,000 households

Source: U.S. Dept. of Justice, Bureau of Justice Statistics, April 1992
*preliminary

Last year's estimated rate of 52.6 burglaries per 1,000 households is 40% lower than the 1981 rate.

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NATIONAL BURGLAR & FIRE ALARM

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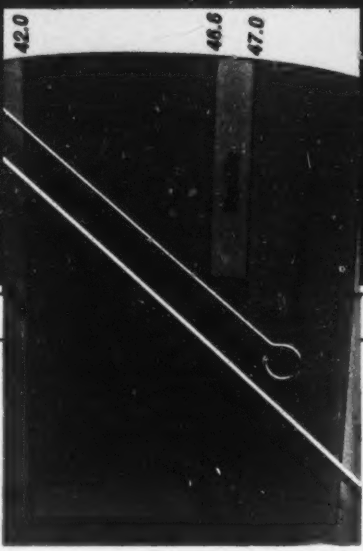

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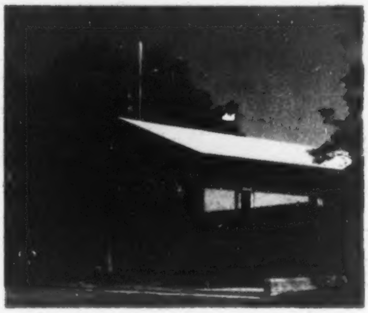

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ABOUT THE COVER

A complete job box is just one facet of a program that makes installations run more smoothly and employees, such as Gary Ostrowski, electronic technician (left) and Darrell Murdoch, installer, Safeguard Security Services Inc., Phoenix, work more productively. See page 106.

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Third Class piece enclosed.

HOME SECURITY

Alarm Buyers Shop for Quality

Results of a study show that price is not the main driving force in the alarm system buying decision.

By Simon Hakim and Andrew Buck

Today's consumer marketing advertisement and promotional campaigns rarely go beyond the price issue. One of the primary driving forces in the American economy is who is offering the best deal for the lowest price. Product quality and service are addressed only when there is little or no price pressure on the product being sold or when the product has become a commodity item and prices are so low that they no longer are an issue.

Residential security systems are a unique product because there is tremendous price pressure in the market and yet, particularly at the high end of the price scale, product quality and service still carry a lot of weight. Most dealers who are successful for the long term have built their businesses by selling product quality and service, many times in spite of extreme price pressures in their local markets. They also have been able to maintain the profit margins they need to keep their businesses growing.

No doubt most of these successful dealers would agree that selling security systems this way definitely is the more difficult high road to business success. But is basing alarm system sales on product quality and customer service legitimate, or is it a "smoke and mirrors" technique that consumers rarely believe?

A survey about the effectiveness of residential security systems measured how alarm owners choose a security dealer/system, and in the process answered this question.

The survey indicates that 47% took the advice of their friends, neighbors, or relatives. Insurance companies provided dealers' names for 13% of alarm owners, and security personnel at work advised 9% of owners. Added together, this represents nearly 7 out of 10 (69%) alarm owners who relied on personal references in their selection of a security dealer.

About one in 10 alarm owners (11%) researched their purchase of a security system by using *Consumer Reports*, *Yellow Pages*, advertisements, and other sources. The remaining 20% of alarm owners purchased their alarm system after contacting several dealers and listening to their sales presentations.

Survey respondents commented that they wished their police departments would provide more concrete information about alarm systems and installing companies.

In one of the communities studied, the crime prevention officer provides residents with a free detailed security check, which includes recommendations for improved security. The officer also provides a list of installers licensed by the municipality and indicates which are members of the state burglar and fire alarm association.

A large number of respondents appreciated this service. In reality, however, few, if any police departments will endorse or recommend specific companies within their jurisdiction.

Shoppers want quality

When security system owners were asked what advice they would give to potential alarm owners, phrases such as "select a known company, reputable, one that has been in business for a long time, experienced, reliable, stable, and operates with integrity," were regularly used.

Photo courtesy of Ademco

A study of how consumers choose an alarm company shows that most people depend on personal references to help them select a dealer.

None of the respondents suggested selecting a dealer or purchasing a system based on installation price and/or monthly monitoring fees.

Based on these findings, it appears that providing quality, reliable, continuing service is key to the success of independent installing companies. Advertising efforts and cold-call promotions that focus on "specials" or "sales" are not necessarily cost-effective approaches for increasing a client base.

Alarm owners also suggested to potential owners that they look for a flexible system that can be easily modified. They recommended choosing a system with quality sensors, more than one panic button, and a central station connection. Many said that the system should be on all the time. They warned those considering a security system not to settle for an inexpensive self-installed model, indicating their satisfaction with having contacted a professional.

An overwhelming majority of security system owners are satisfied with their decision to have an alarm system installed.

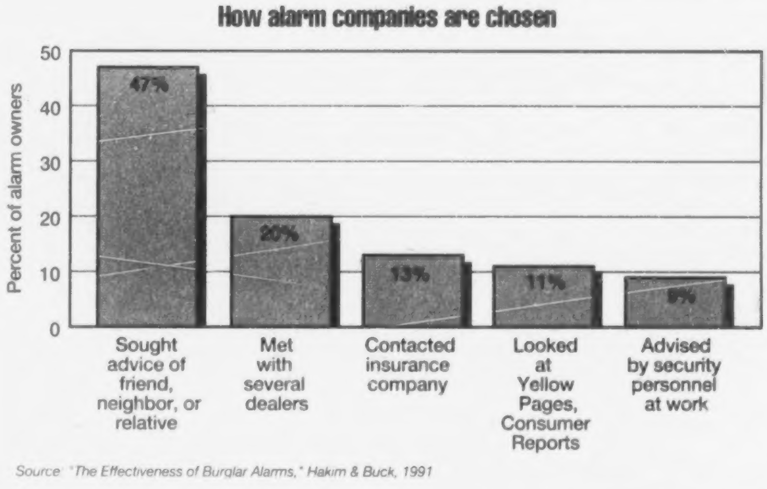
Experiences with alarms

An overwhelming majority of security system owners, 94%, are satisfied with their decision to have an alarm system installed and 83% of those people stated that the primary reason for their satisfaction was the feeling of safety the system provides.

About 12% of all satisfied respondents said their systems had detected a break-in. Five percent of respondents were satisfied because having a system meant being able to keep up with their neighbors who also had systems.

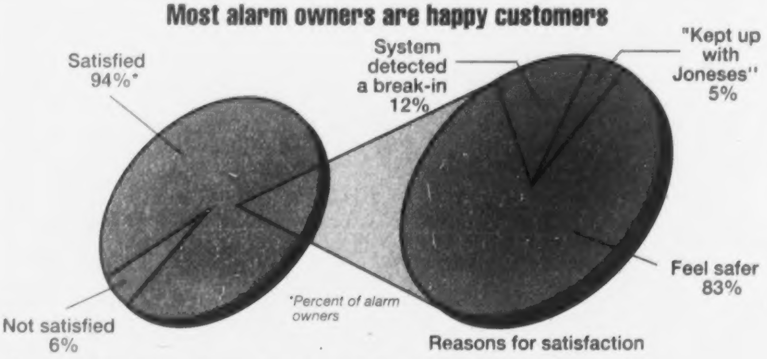
Clearly the respondents to this study have gone beyond the price issue and are viewing their security systems as protectors of life and property and providers of peace-of-mind.

While there will always be a sizable number of consumers who will base security system purchases solely on price, this study suggests that quality and service are still the primary factor in the consumer buying decision. **SDM**



Source: "The Effectiveness of Burglar Alarms," Hakim & Buck, 1991

Buying a security system involves a very personal decision. Nearly 7 in 10 alarm owners selected a dealer after seeking the advice of friends, neighbors, relatives, insurance agents, and/or security personnel where they work.



Source: "The Effectiveness of Burglar Alarms," Hakim & Buck, 1991

Alarm companies that sell peace-of-mind are right on target with the needs of residential consumers. According to a survey, 94% of alarm owners are satisfied with their purchases; most say their alarm system makes them feel safer.

About the survey

This article is based on results of a study, "The Effectiveness of Burglar Alarms," conducted between 1989 and 1991 in three Philadelphia suburbs. It includes responses from 543 homeowners, representing both owners and non-owners of alarm systems. The study's authors, Simon Hakim and Andrew Buck, are professors of economics at Temple University, Philadelphia.

Upcoming issues of *SDM* will feature results on the effectiveness of burglar alarm systems in the commercial marketplace. The entire study is available from the National Burglar & Fire Alarm Association, 7101 Wisconsin Ave., Suite 1390, Bethesda, MD 20814-4805; phone (301)907-3202, or circle **428** on the Reader Service Card.

News Briefs

Events and issues impacting the security industry

Alarm industry scores legislative victories

The alarm industry scored many victories in conjunction with the House of Representatives Judiciary Committee's passage of HR 5096, the Anti-trust Reform Act of 1992. The 24-to-9 vote included a unanimously passed amendment stating that the Regional Bell Operating Companies (RBOCs) can continue to offer their information services in the markets they have already entered, except for the alarm industry.

The amount of attention that the alarm industry has generated among members of the House Judiciary Committee also is evident in another element of the bill. The bill's three-, five- and seven-year waiting periods that restrict the RBOCs in terms of when they can request entry into specific industries were eliminated and replaced with a five-year waiting period for all industries. The alarm industry previously fell into the three-year category.

AT&T, which wants to keep the RBOCs out of the long-distance business, also benefited from this portion of the bill. Even though it has more resources "AT&T piggybacked onto us. We carried the bill," said Michael Evans, legislative assistant with the Keefe Co. The Washington firm is lobbying for the alarm industry on the RBOC issue.

"Compared with the lack of notice the alarm industry had six months ago, the outcome is amazing," Evans said.

Despite the Judiciary Committee victory, the war is not over. The bill must go through the Rules Committee, where guidelines on the bill's amendments and voting procedures must be set; pass the full House; go through a similar process in the Senate; and be signed into law by the President.

The House will most likely discuss and vote on HR 5096 in September, Evans said. To support a favorable outcome for the alarm industry, the National Burglar & Fire Alarm Association has scheduled a Legislative Blitz for the evening of Sept. 14 and throughout the day on Sept. 15.

The alarm industry's lobbying endeavors have reached beyond the Judiciary Committee. Rep John Dingell, D-MI, and Billy Tauzin, D-LA, introduced HR 5559 to the Committee on Energy and Commerce on July 2. HR 5559, known as the Information Services Fair Competition Act of 1992, also singles out the alarm industry for special consideration. It prohibits the RBOCs from entering the industry for 10 years.

Despite the positive elements of the bill, industry experts have discovered a few loopholes that threaten the alarm industry. "I have some technical concerns with the definition of the alarm industry and the treatment of customer proprietary network information," said Bill Signer, vice president of the Keefe Co.

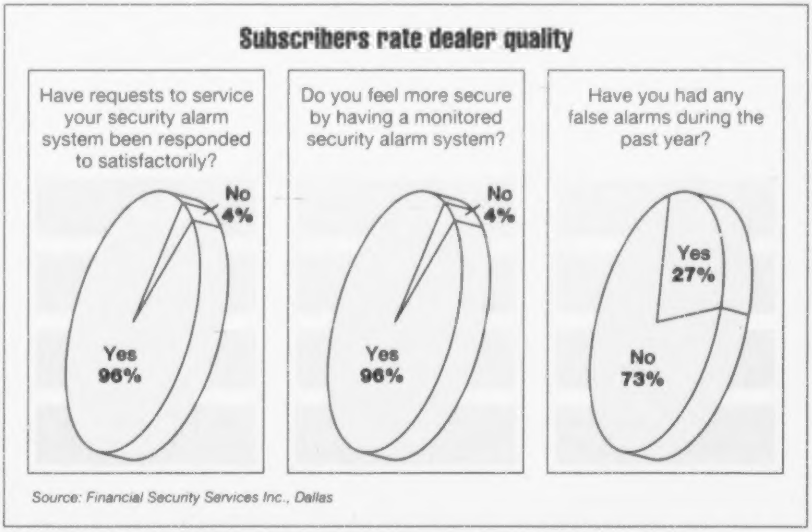
Specifically, the bill calls for the RBOCs to make customer information, which generally is accessible only to its affiliates available to the general public.

However, the bill also includes an exemption that would allow the RBOCs to deny this information to non-affiliates if they first obtain customer consent. "We are looking for some modifications," Signer said.

Subscribers polled for satisfaction

Financial Security Services Inc. polled subscribers of 30 companies in 1991 to determine their satisfaction with the quality of work security companies were providing. The results, orginally intended to help the company assess the extent to which it would finance companies, gives a relatively objective indication of what customers think about the alarm companies that serve them. A total of 811 subscribers responded to the first two questions and 796 responded to the third. The Dallas-based company made an effort to exclude false alarms as a result of the subscriber's human error, said David Fields, president.

Although overall the alarm companies made a good showing, especially in the first two questions, significant disparity existed among the answers regarding individual alarm dealers. Responses to the first question ranged from 100% of the subscribers satisfied with their service to only 67% for one company. In terms of promoting a sense of security, responses ranged from 100% satisfied to 75% satisfied. Responses to the false alarm question ran the spectrum from 94% of one company's subscribers without false alarms to only 33%.



Subscribers rate dealer quality

Have requests to service your security alarm system been responded to satisfactorily?

Do you feel more secure by having a monitored security alarm system?

Have you had any false alarms during the past year?

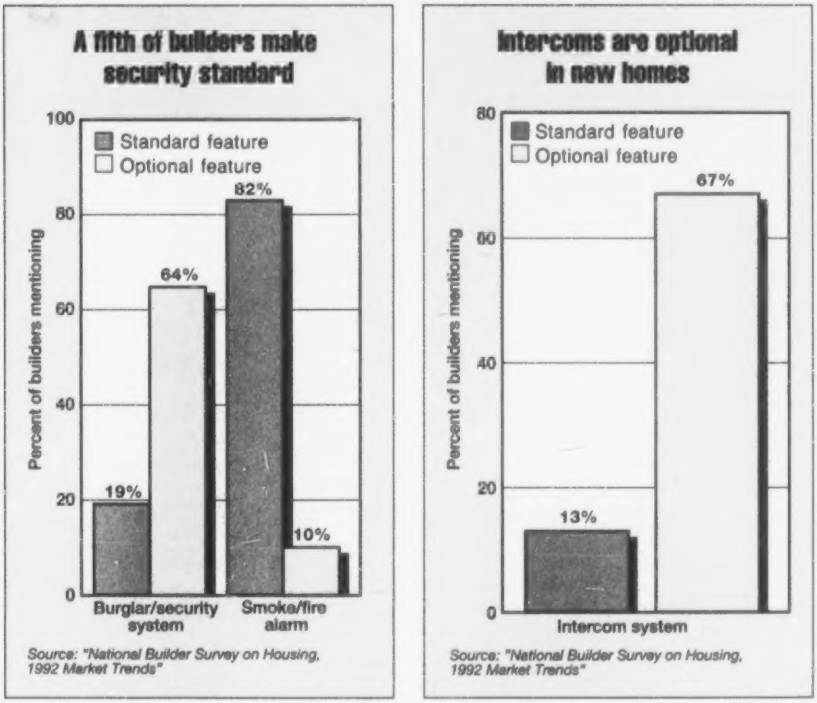
Source: Financial Security Services Inc., Dallas

In terms of subscriber satisfaction, polled security alarm owners cite false alarm as the cause of most concern. Overall, subscribers are content with the level of service companies provide and the security their systems offer.

SDM® Update

Statistics on market conditions and trends

Connect with large-home builders



Source: "National Builder Survey on Housing, 1992 Market Trends"

Source: "National Builder Survey on Housing, 1992 Market Trends"

The higher the price of the home, the more builders offer security as a standard feature. The lower the price, the more it is offered as an option. Smoke alarms usually are required by state code. Intercoms are still mostly an option.

By Laura E. Stepanek
Senior Editor, SDM

A healthier construction market in 1992 means more opportunities for security companies who prewire and install security systems in new homes.

According to "National Builder Survey on Housing, 1992 Market Trends," 19% of builders offer burglar alarm systems as a standard feature and 64% offer them as an option.

"Even though we have a low crime rate, we want our buyers to have the sense of security that a burglar alarm brings," says Leonard Steinberg, Heartland Homes, Las Vegas.

The key to selling customers on a security system, Steinberg says, is to thoroughly demonstrate how the system works, even if that means bringing in the alarm company representative.

Steinberg says people who shop for higher-priced homes are more receptive to an alarm than those shopping in lower price ranges.

The survey shows that in homes valued at less than $200,000, only 13% of builders offer security as a standard feature. In homes in the $200,000 to $300,000 price range, that number jumps to 27%. In the $300,000 to $500,000 range, 49% of builders make security standard. In homes worth more than half a million, 70% include a burglar alarm.

Slight softening in business confidence

The Cahners Business Confidence Index dipped 1.6 points to 64.9 in May, reflecting some of the softer economic statistics seen during the month. However, this does not mean that economic conditions will soon decline.

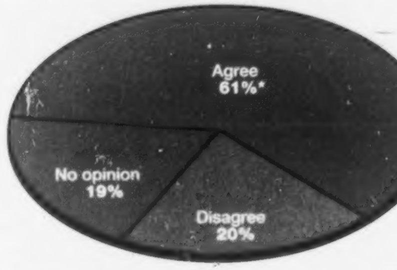
In May, slightly more than half of businesses rated current business conditions as good or excellent—the same number as the previous month. Over the next three months, 88% of business managers expect overall economic conditions to improve. Plans to increase inventories continue to grow, reaching 57.9 in May. When businesses plan to increase inventory, it's a strong indication of their confidence in the economy.

Both manufacturing and construction reached peak levels last month and dipped slightly in May. In construction, the industry most closely related to security system sales, a realization that the President's budget proposals for housing are not likely to move through Congress has dampened optimism.

Each month, the index surveys 400 U.S. manufacturing firms about business activities. Index scores can range from 0 to 100. Numbers above 50 show economic growth and numbers below 50 indicate a shrinking economy.

Dealers have high hopes for police relations

Dealers were asked to agree or disagree, "By 1996, police perception of security systems and dealers will improve."



Source: SDM 1992 Forecast Survey, Nov. 1991

*percent of respondents

Six in 10 alarm dealers are hopeful of improved relations with police in the future, their opinions perhaps reflective of the industry's increasing emphasis on false alarm reduction programs.

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Security Distributing & Marketing®

Third Annual Securing America Award Winners

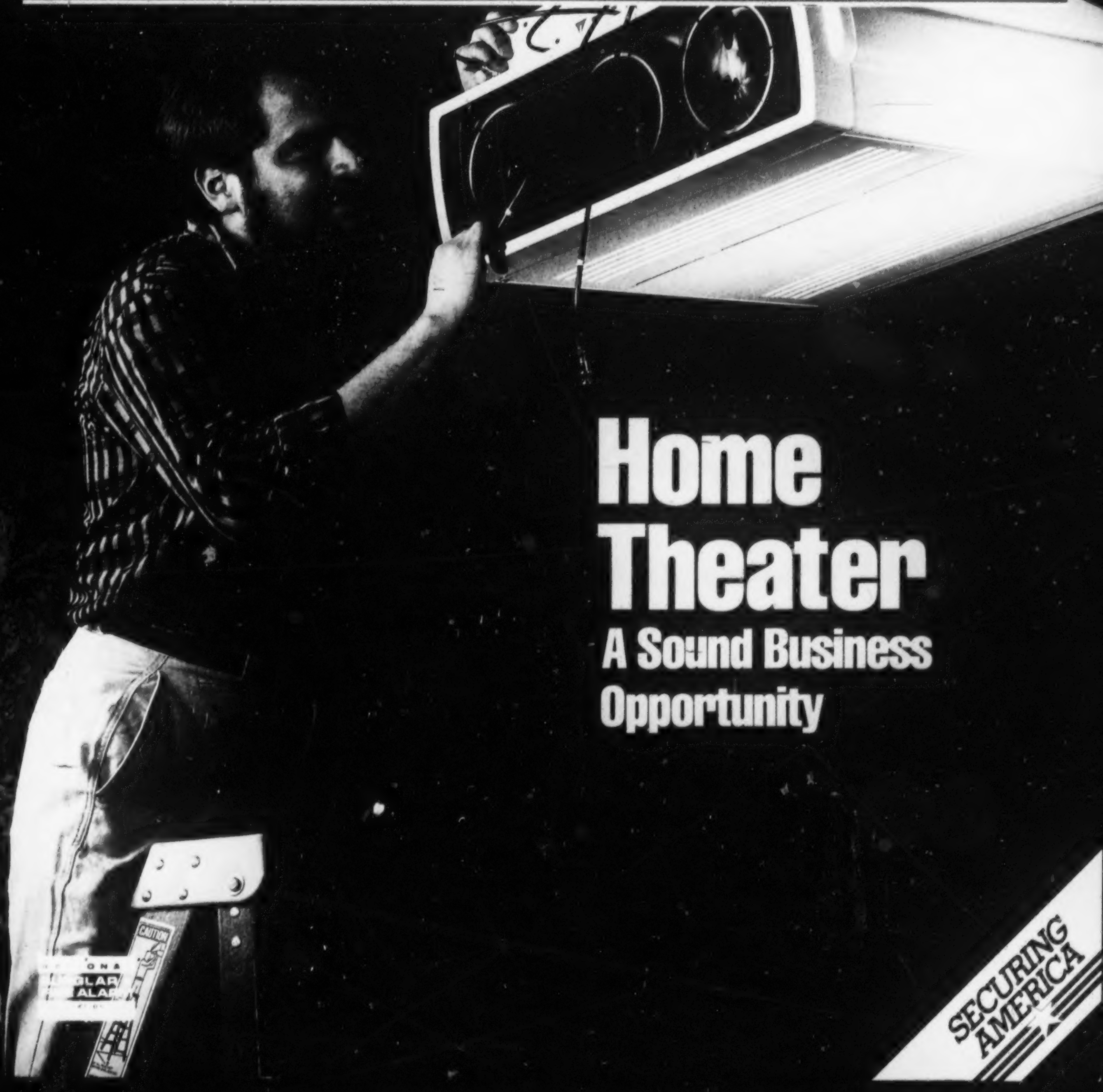
Warehouse Alarms

Wireless Access Control

Electronics Basics Quiz

A CAHNERS PUBLICATION

SEPTEMBER 1992



Home Theater

A Sound Business Opportunity

SECURING AMERICA

Security Distributing & Marketing®

A Cahners Publication   Volume 22, No. 11   September 1992

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ABOUT THE COVER

Glenn Avery demonstrates how easy it is to install and adjust a ceiling-mounted color projection TV unit, which is an integral part of a home theater system. For more on home theaters, see page 56.

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Marketline

Developments among sources of supply

President Bush visits Odetics

As part of his 1992 campaign, President George Bush visited Odetics, Anaheim, CA, in late July and spoke to its 600 employees.

"Bush campaign officials were looking for a company in the Orange County area that had made a successful transition from government contracts to commercial ones," said Tom Pappageorge, director of marketing and sales for Gyyr, a division of Odetics.

Campaign officials asked California's governor's office for recommendations and Odetics was one of them.

"We were selected for business, not political reasons," Pappageorge said.

When Odetics was founded in 1969, 100% of its revenue came from government contracts. This continued until 1975, when the company realized that some of its data recording technology, used in space applications, could be used by commercial businesses.

Currently more than 50% of Odetics revenues comes from its commercial business. Gyyr manufactures time-lapse recorders and other closed-circuit video equipment that is used in security applications.

Odetics is known for more than its successful move to the commercial sector. On the morning that Bush was due to arrive, Odetics received a call from the Democratic National Convention requesting more information about the company because Odetics was being considered for a visit from Sen. Al Gore, the Democratic candidate for vice president. Gore wanted to visit a company that had a proven track record of being environmentally safe.

Odetics simply couldn't respond to the inquiry in time. "We had less than four days to prepare for the President's visit. I don't know if we could have gone through it again, but our doors are open to both sides," said Holly Barnett, an Odetics spokesperson.

Odeti
nging Technology t
Anaheim, California

President George Bush spoke to Odetics' 600 Anaheim, CA, employees and 100 media representatives in late July.

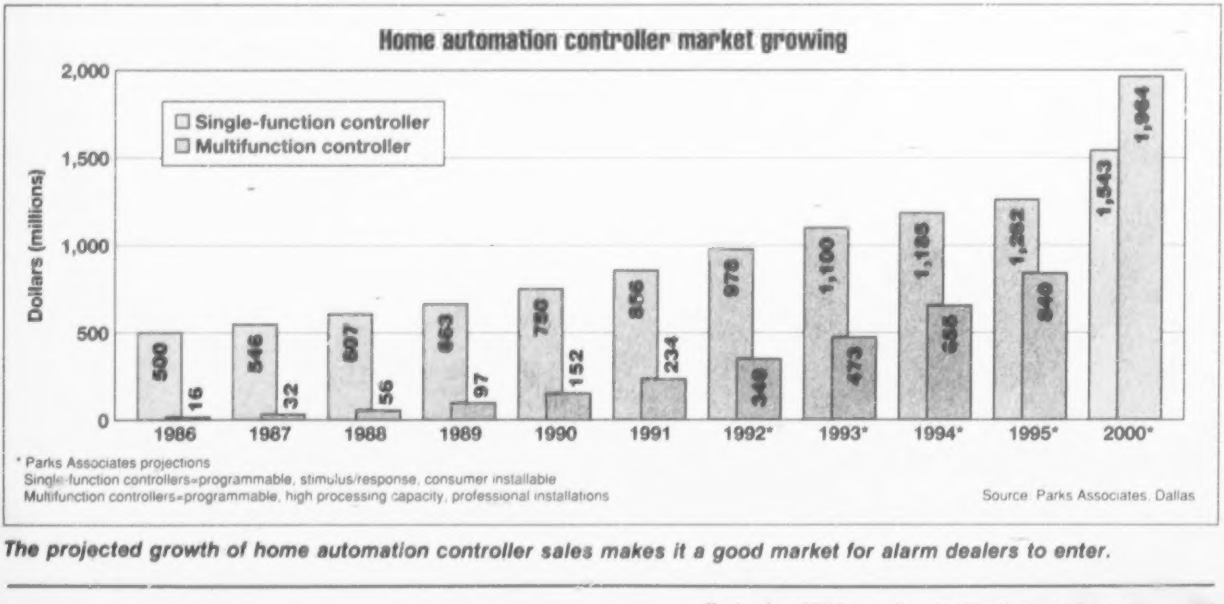
SDM becomes Habitech 93 sponsor

Security Distributing & Marketing is now a sponsor of Habitech 93, a four-day show for homes of the future. The event will be held at the San Jose Convention Center March 18 to 21, 1993.

Habitech 93 has two parts. One is Habitech Professional, a two-day conference and trade show for manufacturers, architects, and other trade professionals in the home systems market.

The second is Habitech Weekend, designed as a consumer show that includes seminars, demonstrations, and workshops for end-user prospects.

For more information, call Phyllis Rosenthal at (703)684-4465 or Judy Brendemihl at (214)490-1113.



* Parks Associates projections
Single-function controllers=programmable, stimulus/response, consumer installable
Multifunction controllers=programmable, high processing capacity, professional installations

Source: Parks Associates, Dallas

The projected growth of home automation controller sales makes it a good market for alarm dealers to enter.

SDM® Update

Statistics on market conditions and trends

Index reveals uncertainty over economic recovery

The Cahners Business Confidence Index registered only its second decline of the year in July. However, the 3.5-point drop wiped out most of the small gains that the Index has realized since a seven-point jump in January. A new sense of concern has hit business managers—best described as uncertainty over the near-term economic outlook—which has made business planning all the more confusing.

Just prior to the July survey, conducted by Cahners Economics, Newton, MA, national unemployment was reported to have jumped to 7.8%, the highest level in more than eight years. The Federal Reserve Board immediately responded with a half-point cut in short-term interest rates. These two developments caught most businesses off guard and caused them to reevaluate their short-term business strategies.

An indication of this uncertainty is in the level of "don't know" responses from the panelists in the survey, when companies were asked about plans in core business operations. Compared with responses from June's survey, more than twice as many respondents were unsure of short-term plans in July.

Uncertainty was particularly high for functions that have been more volatile recently. For example, many businesses had begun building inventories recently, after substantial trimming during the recession. In July, however, more than one in five respondents didn't know what changes their businesses would be making in inventories over the next three months—more than twice as many as were unsure in June.

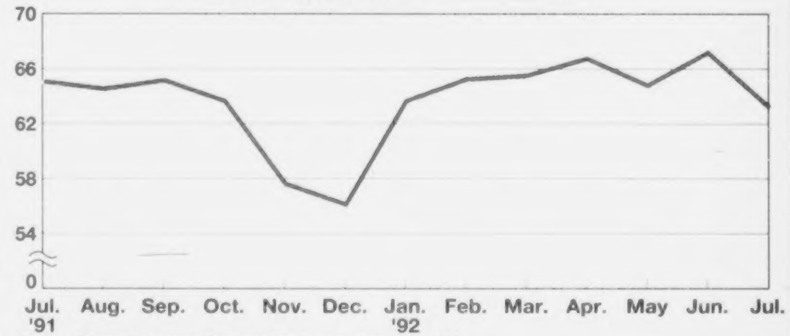
Overall, there is only a limited sense of pessimism among the business community. Yet recent reports provide unmistakable evidence that the recovery has slowed. Until businesses can evaluate how the new growth path will impact their businesses, they are likely to remain cautious.

There is surprisingly little divergence in their outlook. Eight out of 10 businesses foresee slow growth in the economy over the remainder of the year. Most of the rest see a continuation of last year's recession influencing their businesses. Less than 3% expect the strong upturn that would be expected during the early stages of a recovery.

The only real disagreement in the panel comes from the expected nature of the slow growth. Just over half (53%) of the companies expecting slow growth are expecting a steady improvement in the economy through the end of 1992. The remainder feel that the slow growth they expect for the remainder of 1992 will come in erratic fits and starts.

Each month, the index surveys 400 U.S. manufacturing firms in four cyclically sensitive industries (electronics and computers, construction, consumer goods, and general OEM manufacturing) about business activities. Index scores can range from 0 to 100, with 50 being a base point. Numbers above 50 show economic growth and numbers below 50 indicate a shrinking economy. **SDM**

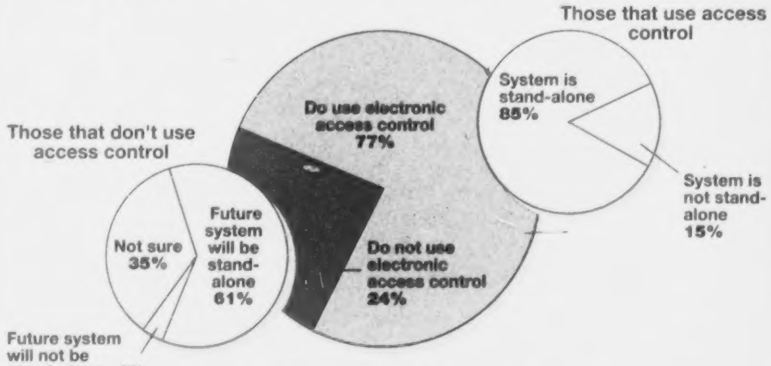
Sustained growth for U.S. businesses



Source: Cahners Economics, Business Confidence Index, June 1992

The July Cahners Business Confidence Index index fell 3.5 points from the previous month and is at its lowest level since January.

End-users depend on stand-alone access systems



Total exceeds 100% due to rounding.

A survey of business executives with security and life-safety responsibility shows that three-quarters use electronic access control and 85% of that group uses a stand-alone, self-contained system. The majority of respondents who plan to add an access system in the future will also purchase stand-alone systems.

Source: SECURITY Magazine, Quarterly Telephone Survey, April 1992

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Security Distributing & Marketing

1992 Distributor Source Guide

Annual Industry Survey Results

Keep Priceless Relics Safe

Study Assesses Security Industry

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OCTOBER 1992

Tips That Close Sales

NATIONAL BURGLAR & FIRE ALARM

SECURING AMERICA

Security Distributing & Marketing®

A Cahners Publication Volume 22, No. 12 October 1992

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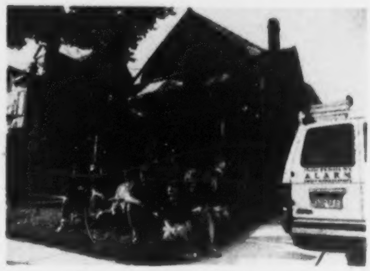

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ABOUT THE COVER

Security dealer Craig Shelton uses his listening and communication skills to help him sell successfully. Shelton owns CDS Security Systems in Houston. See page 52 for additional selling tips.

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Survey Crafts a Dealer Profile

The color and diversity of the lives of individual alarm dealers make survey statistics come alive.

By Laura E. Stepanek
Senior Editor, SDM

Survey results have one major drawback. Although they provide a lot of information that can be useful for forecasting and planning, they also can be mind-boggling at times. Means, medians, and percentages—how do they relate to real life? It's not until you meet the people who make up these statistics that they become meaningful.

For example, *Security Distributing & Marketing*'s 1992 Industry Profile Survey, conducted in the May issue of *SDM*, tells us that the "average" security dealer is a 43-year-old male who is self-employed and earns $46,150 a year. But what does that really say about the thousands of professionals who make up the security industry?

Of the 371 dealers who responded to the survey by the cut-off date of July 13, 68% have completed two years of college or less, while 24% have earned a bachelor's degree, and 8% hold a master's degree or higher.

The averages also tell us that 28% have worked in the alarm industry for less than 10 years, 44% for 10 to 20 years, and 28% for 20 or more years. A large majority, 86%, plan on staying in the industry for at least 10 more years. Of those who don't, most are aged 50 or older.

Statistical averages are misleading in this kind of survey because the average alarm dealer is everybody in general and yet no one in particular. The individual survey responses are what tell us the true story. There are some younger dealers who want to get out of the industry and some older ones who plan to stay in it as long as they can.

Take Milton Pierce, for example. He founded Guardian Alarm Co., Southfield, MI, in 1932. He's now 77 years old and chairman of the board of the $20 million-a-year firm, which ranks No. 19 on the 1992 SDM 100. Pierce has no intention of retiring.

"I've always liked the business. I don't do it for the money anymore. I don't need the money. I'm one of those lucky few people who really enjoy going to work every morning and seeing the general activity that goes on and the improvements that we've made.

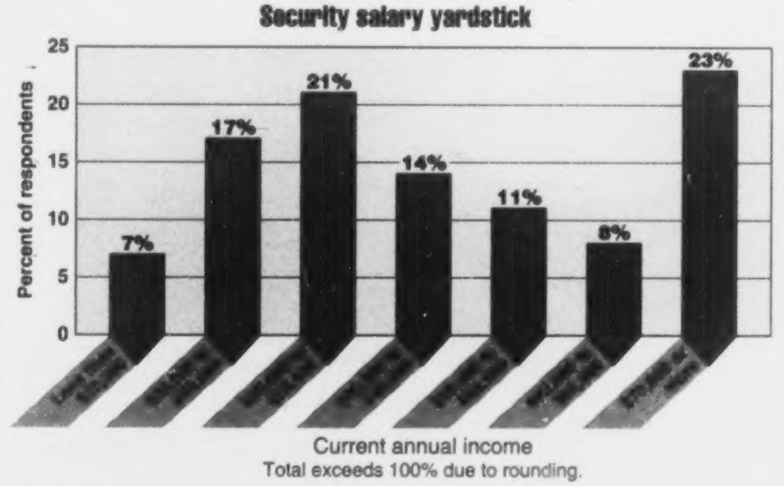
"I truly enjoy taking care of customers. A lot of them, if they have a complaint, will still call up and talk to me," Pierce says.

Pierce represents the majority of alarm dealers with his genuine interest in helping customers meet their needs and solve their problems. In fact, the survey results show that the No. 1 aspect dealers like about the alarm industry is solving challenging problems, mentioned by 64%, followed by providing security for the public, mentioned by 53%.

"I was a police officer for 15 years. When you see crime first-hand—homes broken into and assaults—being on this end of the business and getting there before [crime] happens is a good feeling," says Bill Mickle III, vice president/sales and marketing, New England Dynamark Security Center, Pittsfield, MA.

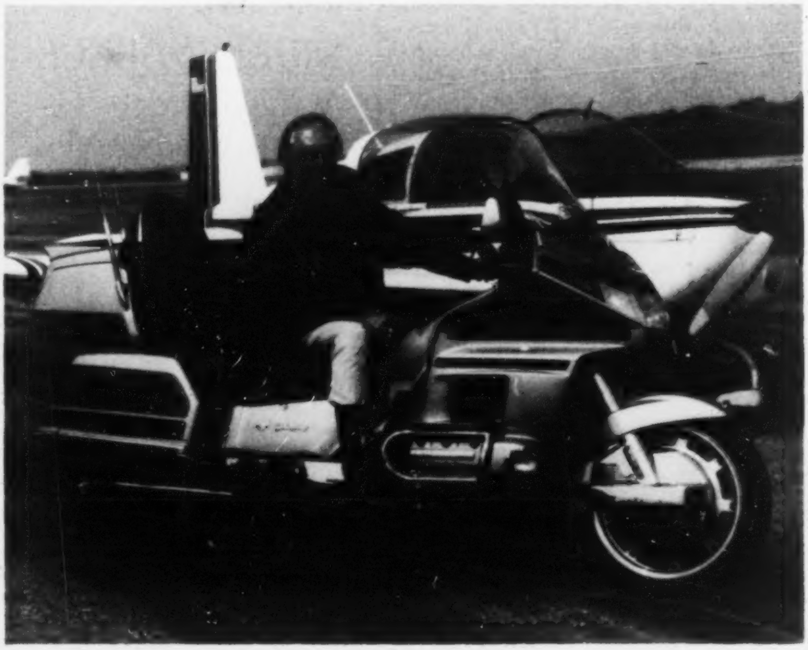
Nearly one in four dealers mentioned that what they like best about the alarm industry is working with customers.

"I like the variety of people and the types of businesses. I may be in the back room of an auto dealer one day and in a coin shop the next day. I get to talk



Source: Security Distributing & Marketing, 1992 Industry Profile Survey

The average annual salary for a security professional is $46,150. Although more than a fifth of dealers earn $70,000 or more a year, most of these dealers are 50 years or older.



Milton Pierce of Guardian Alarm Co., who has ridden a motorcycle since he was a teenager, recently took up flying at age 77.

Photo courtesy of Milton Pierce

to people and learn a lot about a lot of different businesses," says Ed Bruerton, president of Anchor Alarm Inc., Sandy, UT.

"I also like solving problems, hiding wire, making a nice, neat job. I enjoy that," he says. Bruerton has been in the alarm industry for 21 years.

Bruerton and nearly half of the other dealers in the survey said they like having the ability to work independently. "It's really nice to be independent. If my kid has a program at school, most of the time I can go. If I have to fight a traffic ticket, I can do it without being docked 3 hours pay," Bruerton says.

Industry stewardship

Many of the dealers in *SDM's* Industry Profile Survey are very active in the industry. Nearly three-fourths say they belong to an association and 43% say they actively participate in association and/or industry activities. Slightly more than a fourth of dealers contribute to industry fund-raisers and more than a fourth, again, serve in a leadership or contributory role for an association.

"I think the NBFAA is really on the right track with the expansion it has done over the past few years. Recently, [the Utah Alarm Association] became a chapter [Charter State Association] of the national [organization]. I'm encouraged with that, getting more smaller companies involved. I think we'll have a voice instead of a bunch of little guys yammering when they get burned. I think having a national voice and being organized when a battle comes up like the telco battle makes a difference. It gives us a more professional image," Bruerton says.

Tom Gifford, president of Gifford Electronics Inc., Kennesaw, GA, is an individual member of the National Burglar & Fire Alarm Association and vice president of the Georgia Burglar & Fire Alarm Association, which is not a Charter State Association. He's also immediate past director of GBFAA and serves on two committees.

"I get involved because somebody has to do it. I like being involved. I wish more dealers would be involved. I think it would make all of our jobs much easier," Gifford says.

"We'd have more bargaining power, more power at the ballot box when our industry needs things done. The Regional Bell Operating Companies [RBOCs] issue is an example of what can be done if we stick together as an industry. I don't feel like we do that on a day-to-day [basis]," he says.

Gifford puts his finger on the No. 1 dislike dealers have about the security industry: price sensitivity, mentioned by 52% of the respondents to the Industry Profile Survey.

"If I had to say one thing [that I dislike most], it's having to compete with the mass marketers and having to explain to my prospective clientele why I'm asking them to pay $1,200 to $1,400 for an alarm system when they've just heard on the radio that they can get it for free. It's extremely difficult to get my point across without saying things that will be detrimental to my competitors. Their entry into the marketplace has made my job much harder," Gifford says.

The survey results also show that 48% of dealers are unhappy about a lack of public awareness of security. Perhaps these dealers mean that people have a general lack of knowledge about what it costs to install an alarm system and that they don't understand that companies that install them for free lose money on installations. But to Gifford and perhaps others, it means that people generally are not aware of the effectiveness of alarm systems.

"The public has misconceptions about security. One of the main sources is probably police departments. They don't understand or appreciate what the security industry has done for crime prevention over the years," he says.

Tied for second place on the list of dealer dislikes is false alarms, followed by legal liability, mentioned by 39% of dealers.

Although a substantial number of dealers like the independence of owning their own businesses, many don't appreciate the paperwork that comes with the business of being independent.

"The No. 1 thing I don't like is all the darn paperwork—the government forms you have to fill out for employee records and taxes," says Fred Onucki, vice president and general manager of Ace Electronic Alarm, Metuchen, NJ.

Onucki works for a three-man company. "Being a smaller company, I get involved with everything," he says, which includes sales, installation, and the operations end of the business, all of which involves paperwork.

"It goes on and on and on," Bruerton says. "Every day there are more forms to fill out. For property taxes, they want a detailed description of every alarm sys-

SDM's *Industry Profile Survey reveals the people behind the statistics.*

tem that we lease, including an acquisition date of the property. We take equipment out of one place and put it somewhere else. We don't keep track of it like that. It doesn't have serial numbers.

"I don't have computers and secretaries to take care of this stuff. I ignore as much as I can and do what they tell me to do about the rest. [Government paperwork] is like alligators—you try to stay out of their way as much as possible," he says.

A relatively small percentage, 16%, of the dealers in the survey mentioned that equipment and/or service problems were one of the things they liked least about the industry. Quality of equipment may be one reason why. More than 9 out of 10 dealers feel that their companies use either the best equipment available or equipment of above-average quality.

In the past 12 months, business has been tough for many dealers. The top answer given by dealers to a question about their biggest business challenge during this time is hiring dependable people, mentioned by 25%. Effective marketing, 22%, and outselling the competition, 18%, followed.

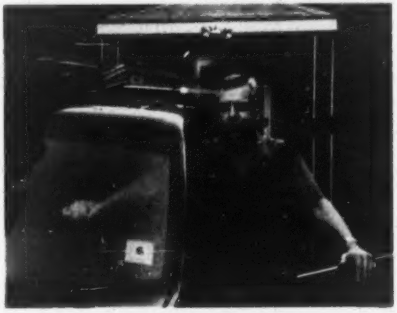
"You do have to get out there and pound on doors, pass out business cards, and go to business-card exchanges. Let everyone know you're there and available and willing to give free estimates," Onucki says.

"Some of our competition has been coming in with pretty low prices. I hesitate to do that because it will snowball and then everybody will do it and nobody will be better off. We do quality work. We're proud of what we do and to do it costs money," he says.

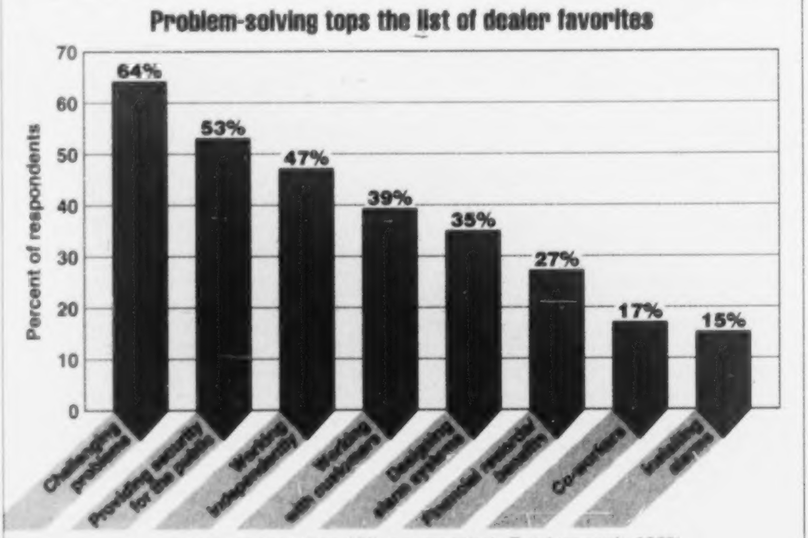
Onucki isn't the only dealer to complain about competitors that appear to be in business simply to secure large numbers of accounts, then sell them off.

"I think instead of everybody being

Photo courtesy of Fred Onucki



Fred Onucki of Ace Electronic Alarm thinks the alarm dealer of the future will have to offer some high-tech systems, such as home automation and closed-circuit television, to compete with potential major mass marketers like the telephone companies.



Source: Security Distributing & Marketing, 1992 Industry Profile Survey

Security dealers like to be challenged and to use their skills to solve problems—the aspect of the security business that appeals most to dealers.

KingAlarm® review

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The rapid growth of the alarm security industry over the last decade caused important changes in the relationships between manufacturers, alarm dealers and their sources of supply.

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The 'average' dealer is 43 years old, self-employed, and earns $46,150.

so concerned about how much money they can get for their businesses, they should be concerned about other things," says Joseph Pfefer, president of Jade Alarm Co., Kansas City, MO. "Don't get me wrong, everyone has to earn a decent living. But everybody is so interested in getting their multiples up and selling out. My philosophy is like [the business philosophy in] America used to be. Yes, you have to take care of yourself, but what you do impacts everybody. The old excuse [for poor customer service] of, 'well that's just business,' just doesn't cut it with me."

Pfefer has spent 23 years in the security industry. He started when he was 16 years old, because someone attempted to burglarize his family's home. He eventually bought a digital receiver and began monitoring accounts from his home.

"It's easier today for someone to get into the industry than it was back then. You don't have to set up your own central station. For $5 a month, you can have your accounts monitored by someone else," he says.

When they're not at work, security dealers can be found any number of places. Most of them spend time with their families, according to the Industry Profile Survey.

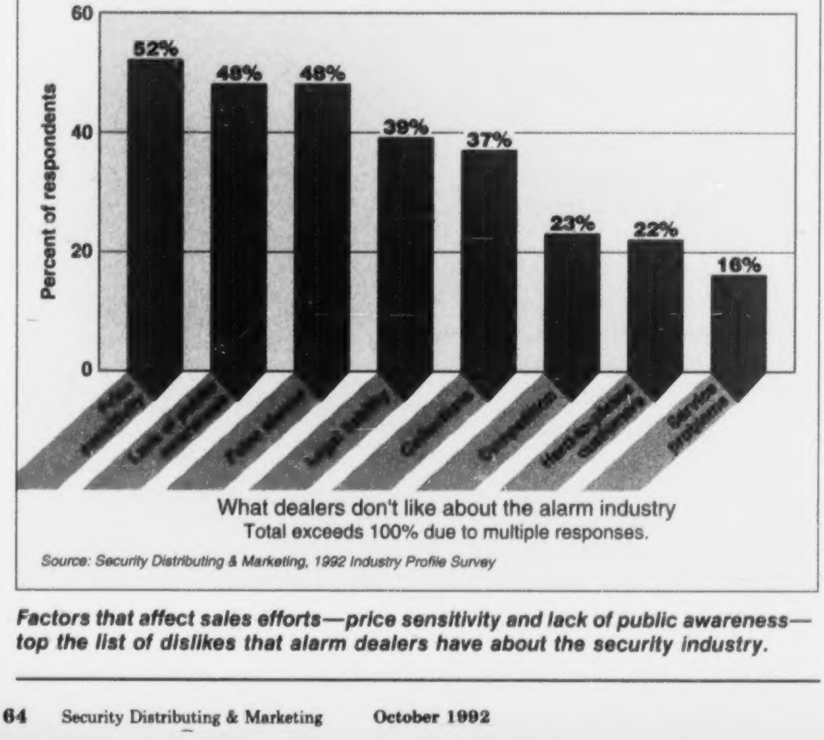
"My wife and I take an exotic trip every year. We went on two cruises and we're going to Cancun this year and Bermuda next year," Mickle says. "Not since I've been out of the military have I had the opportunity or the finances to travel like this. It's nice to see new places and new cultures."

Mickle and his wife are heavily involved with charity work. As a Dynamark Security Center franchise, they are involved with the National Center for Missing and Exploited Children. Mickle also is on the board of directors for Citizens Against Child Abuse in Pittsfield, MA. He participates in a

Photo courtesy of Kathy and Bill Mickle

Kathy and Bill Mickle of New England Dynamark Security Center, fingerprint a child as part of their work for the National Center for Missing and Exploited Children.

Dealers frustrated over price sensitivity, lack of awareness



What dealers don't like about the alarm industry
Total exceeds 100% due to multiple responses.

Source: Security Distributing & Marketing, 1992 Industry Profile Survey

Factors that affect sales efforts—price sensitivity and lack of public awareness—top the list of dislikes that alarm dealers have about the security industry.

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'I get involved because somebody has to do it.'

1950s variety show that raises money for the organization.

"I sing and dance and make a fool of myself," he laughs. But the money goes to a good cause. It funded the construction of an interview room and the necessary video equipment for it, so that children don't have to personally testify in court.

More than half of the dealers (52%) surveyed have purchased a luxury car during their security careers. Many also travel extensively (41%) and collect different things (46%). Gifford, a retired telephone company employee, collects antique telephone equipment, which he "saved from the Western Electric crusher." He also has collected hundreds of beer steins over the years.

Other interests involve relaxation...

"I like to read a lot," Bruerton says. "Just about anything that's printed, novels, trade magazines, two newspapers a day. I always have something in my car so if I have to wait for a customer I have something to read."

Or personal challenge...

"I'm 77 years old," Pierce says. "Six or eight months ago, I decided I was going to learn how to fly. I took some lessons. I didn't think I'd be able to land, but I did. It's a different experience.

"I bought myself a brand-new Tiger, a single-engine, four-place plane. Last week I flew up to northern Michigan by myself. I didn't sweat quite as much this time."

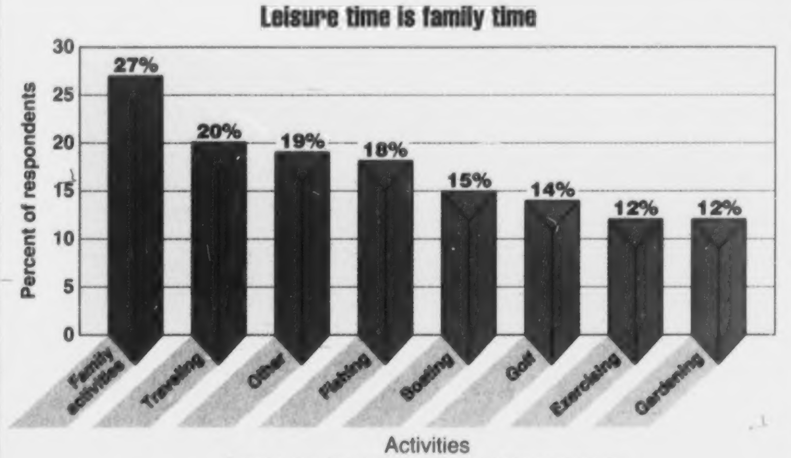
If we can draw any conclusions from the Industry Profile statistics about alarm dealers, it's that they love a challenge. They are analytical and they enjoy problem-solving. They also like to deal with people and they like variety in their careers.

But beyond the statistical averages, each alarm dealer really is as different as hardwire and wireless. Their personalities range from assertive to passive, from thoughtful to outgoing, from progressive to reflective.

"When I first started in security, I lived at home with my family. My mother would answer the phone. I put in about one system a month," Pierce says. "That's when we used those 6-volt dry-cell batteries. I've ridden a motorcycle all my life. I would put the batteries in my saddle bags and off I would go. It was just a wonderful life." **SDM**

Photo courtesy of Tom Gifford

When Tom Gifford of Gifford Electronics Inc. isn't working, he and his wife enjoy snow skiing and fishing.



Total exceeds 100% due to multiple responses.

Source: Security Distributing & Marketing, 1992 Industry Profile Survey

When security dealers aren't working, they prefer being with their families, traveling, and spending time outdoors fishing, boating, golfing, and gardening.

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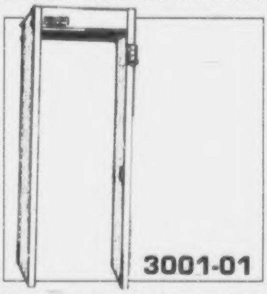

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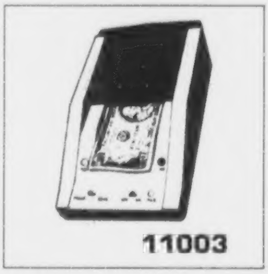
The 3001-01 Walk-Through Weapons Detector is designed to provide uniform head-to-toe detection without a floor ramp. The 3001-01 is designed for easy setup and operation. Unit will also withstand the rigors of frequent moving; yet is light enough for easy transportation.

3002-01

The 3002-01 Hand Held Weapons Detector is the metal detector that started the revolution in professional hand-held body scanners. Just press the on switch and the automatic circuitry takes over to detect all concealed metal weapons, including small knives and guns.



11003

The 11003 Counterfeit Detector is an automated system which allows bills to be fed through the detector. The counterfeit bills will set off an audible alarm and be rejected by the 11003.

COMMERCIAL SECURITY SERIES

Profile of a Commercial Burglary

Cash-based businesses and companies that keep high-value merchandise and equipment are popular targets for burglars.

By Simon Hakim and Andrew Buck

A study of burglaries and alarm ownership, conducted in three Philadelphia suburbs between 1989 and 1991, produced a detailed analysis of security at residential and commercial premises. The results of the residential portion of the study, first published in a report, "Effectiveness of Burglar Alarms," were presented in four articles in SDM *(April, June, July, and August 1992).*

This article—the first of a three-part series about the commercial market to be published in SDM*—will offer a profile of commercial burglaries and examine which sites are most vulnerable. Upcoming articles will explain the characteristics of commercial alarm owners, the effectiveness of their alarms, and their level of satisfaction. (See "How the survey was conducted.")*

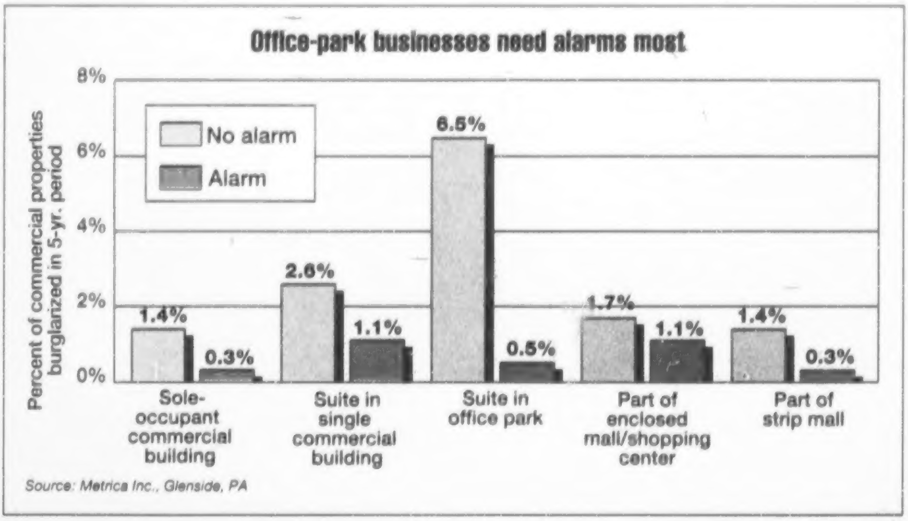
A study that examined burglaries and alarm ownership in commercial premises sheds some light on which types of businesses suffer the most from burglaries. Several patterns emerged:

- The probability of commercial establishments being burglarized increases with their distance from major roads.
- In general, businesses that deal with cash or high-value merchandise and equipment, such as cameras, jewelry, computers, and office machines, are more likely to be burglarized than those that don't.
- Nighttime burglary is more likely for non-alarmed establishments, while the share of daytime burglaries is larger for alarmed establishments.
- New businesses (in particular, new stores with high-value merchandise), are most vulnerable to burglary.

The main motive for commercial break-ins depends upon the nature of the business and whether that business is perceived to have a lot of cash or expensive equipment on the premises.

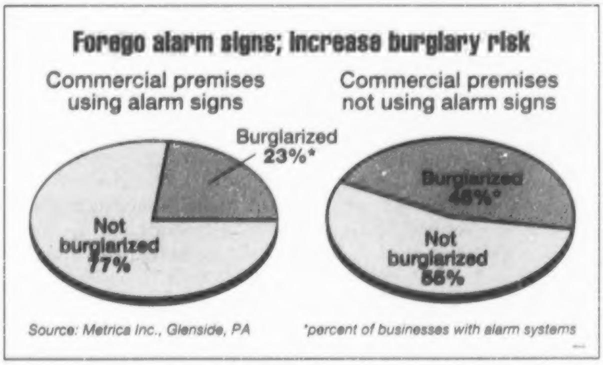
For example, newer offices that use current-model computers, facsimile machines, and copiers, have the highest risk of burglary, the study showed.

When these types of businesses are burglarized, most managers have a known suspect. In many cases, the burglary is an act of a previous employee (often a drug addict), cleaning personnel, or construction workers from adjacent properties. The police were often notified about the suspect, but the managers were seldom informed about the conclusion of the investigation, according to the study.



Source: Metrica Inc., Glenside, PA

Companies located in office parks and retail businesses located in shopping centers and strip malls are prime targets for burglars attacking commercial premises.



Forego alarm signs; increase burglary risk

Source: Metrica Inc., Glenside, PA

*percent of businesses with alarm systems

In a study of businesses with security systems, those that displayed alarm signs experienced a lower share of burglaries (23%) than those that didn't (45%).

Retail stores also are very attractive to burglars. The study showed that an alarmed store in a shopping mall is nearly five times more likely to be burglarized than an alarmed business that is the sole occupant of a single building, and nearly three times more likely than an alarmed business in an office-park suite. The reason is obvious: retail merchandise is exposed so burglars know precisely what their expected loot is.

Police records used in the study revealed that retail burglaries follow a similar pattern: stores that are hit contain high-value merchandise. Only a few items, which are visible from the outside, are stolen. Break-ins last less than 10 min. Such stores often have an alarm, but the burglar usually is gone before the police arrive. This may suggest the necessity for police/security guard presence at malls.

Because alarmed retail establishments suffer from a high burglary rate, this does not mean that alarms are ineffective at those sites. The burglary rate would have been slightly higher in the absence of an alarm, the study showed.

Unlike burglary at retail stores, burglary at service, manufacturing, and wholesale businesses has a highly uncertain pay-off because the merchandise isn't visible. In the case of warehouses and manufacturing plants, the study showed that perpetrators often break into fenced storage areas that are not protected by an alarm and often are poorly lit.

The presence of an alarm system also plays a role in burglary risk. The study showed that a non-alarmed suite in a single office building is 1.5 times more likely to become a burglary target than an alarmed suite.

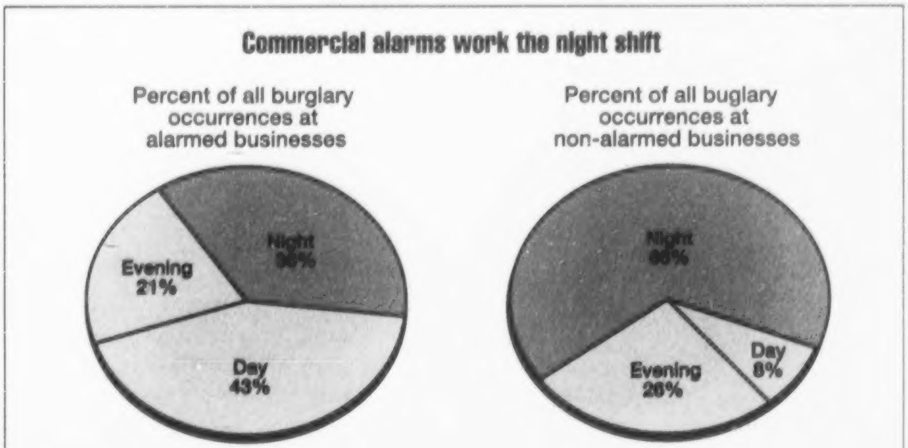
But unalarmed suites in office parks are 14 times more likely to be burglarized than alarmed suites in office parks. The office parks in this study are located along a major route that connects one of the world's largest indoor shopping malls with several low-income communities. These buildings are both attractive and visible to drivers along the route. Yet their design and landscaping also offers concealed access to burglars and their expected loot includes new, state-of-the-art electronic office equipment.

Location makes a difference

One major difference in how commercial properties are targeted for burglary compared with residential properties is in their locations. The study showed that homes located within three blocks of major thoroughfares, either alarmed or not alarmed, are almost three times more likely to be burglarized than similar homes located further away.

Commercial establishments, with the exception of retail stores, exhibit the opposite trend. Properties that are further from major arterial roads are more likely to be burglarized. Forty-eight percent of all burglarized, alarmed businesses and 60% of all burglarized, non-alarmed businesses are located more than three blocks from a major arterial road.

Two reasons for this phenomenon are high visibility and the difficulty of breaking into commercial establishments. Commercial, and in particular, retail businesses, usually are located in highly visible areas with heavy pedestrian traffic. In such locations a break-in would be noticeable. Businesses that need easy access to major roads also tend to locate near



Commercial alarms work the night shift

Source: Metrica Inc., Glenside, PA

The share of nighttime burglaries is lower at alarmed businesses than at non-alarmed firms. The large distribution of daytime burglaries at alarmed establishments is the result of the alarm system being more effective at night, when it is armed.

Businesses five years old or less are frequently burglarized.

major arterial routes, again making a break-in attempt more noticeable.

In addition, doors to commercial establishments are usually secured better than residential doors, because of insurance requirements, thus requiring more time to break in. Most commercial properties offer little concealment for burglars, such as shrubbery. Thus, commercial burglary occurs more often at properties located further from major roads, where the chances of someone noticing a burglar are less likely.

Businesses, excepting retail, that experienced a break-in were more often adjacent to wooded areas or parks than businesses that were not burglarized. Proximity to schools seems not to attract burglars.

An alarm has deterrent value only when it is known that the property is protected by a security system. The study showed that 36% of the companies that were burglarized had a sign, while among non-burglarized companies, 49% had a sign. The probability of burglary of an alarmed property with a sign is 0.23, while the probability of burglary of an alarmed property without a sign is 0.45. Thus, the sign reduces the probability of burglary for alarmed properties by 50%.

Time of burglaries

Burglaries of alarmed and non-alarmed businesses were investigated for both the time of day and the length of time the company was in business when victimized.

Naturally, a burglar alarm system reduced the occurrences of burglary for which time was not known. The occurrence of unknown time of burglary is 26% for companies with a security system and 56% for companies without a system.

After eliminating the cases where time is unknown, the study shows that the daytime burglary rate for alarmed commercial establishments is 5.5 times greater than that of non-alarmed establishments. The share of nighttime burglary of non-alarmed businesses is almost twice that of alarmed businesses. (See the diagram, "Commercial alarms work the night shift.")

This may indicate the obvious: an alarm is more effective when commercial facilities are closed for the night than during daytime business hours when the system isn't armed. The use of video cameras, advertised on alarm signs, and panic buttons may help reduce daytime burglaries.

Newer businesses record much higher burglary rates than older ones. For example, 53% of all commercial burglaries occur at establishments that have been in business less than five years. Of those, the majority, 55%, occur in the first year, and the percentage diminishes through the fifth year.

When alarmed establishments are burglarized, they are overly represented in the population of young businesses. In fact, the share of burglarized, alarmed properties in businesses less than two years old is more than twice the share of their non-burglarized equivalents.

What are the possible reasons that most burglaries occur to new businesses and what does it mean to alarm dealers? In general, new businesses and retail stores are usually more lavishly designed than older businesses, perhaps displaying more current merchandise, which has a high "fence" value.

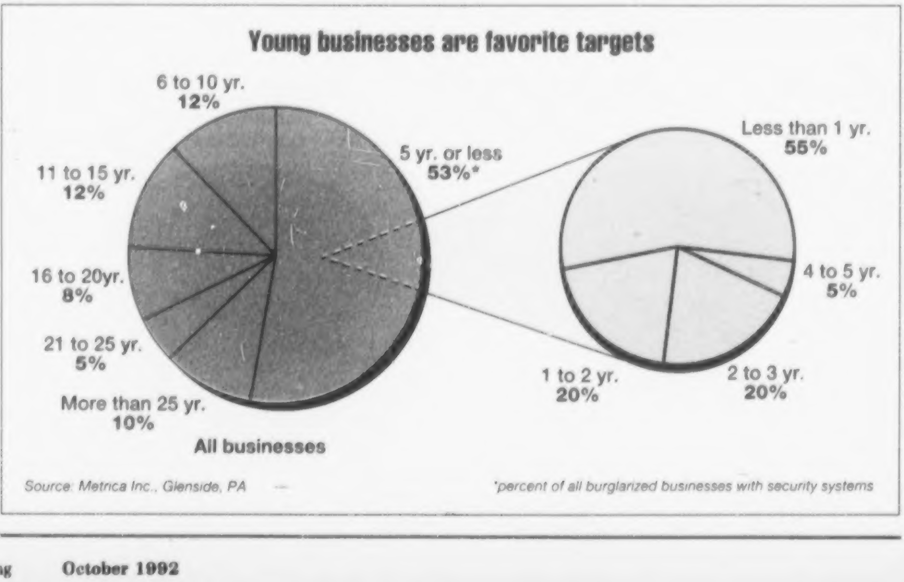
This means that security companies should focus their efforts on selling alarm systems to new businesses. In addition, the high rate of daytime burglaries at companies with alarms indicates that most systems do not adequately address a basic criterion for effective security—identification of criminals. Visible and/or advertised video cameras can fill this need for identifying burglars.

For effective security in commercial facilities, dealers should address three criteria: deterrence through the use of signs and decals, detection with a 24-hr. monitored security system, and identification of burglars with closed-circuit television equipment.

How the survey was conducted

Simon Hakim and Andrew Buck, professors of economics at Temple University, Philadelphia, and founders of the research firm, Metrica Inc., Glenside, PA, conducted a study to understand why burglars choose certain commercial targets. They analyzed police burglary data files of three Philadelphia suburbs from 1989 through 1991. In addition, they mailed questionnaires to a large number of businesses. The survey had a 42% response rate. Complete responses were received from 126 burglary victims, 189 alarm-equipped establishments, and 72 control-group businesses which were neither burglarized nor had an alarm.

Newer businesses receive more than their normal share of burglaries. In general, they are furnished and decorated more attractively and they contain newer, state-of-the-art electronic equipment.



Young businesses are favorite targets

Source: Metrica Inc., Glenside, PA

*percent of all burglarized businesses with security systems

SDM® Update

Statistics on market conditions and trends

Study pegs burglar alarm market at $5.7 billion

By Laura E. Stepanek
Senior Editor, SDM

A new study pegs the burglar alarm market at nearly $5.7 billion, with 60% coming from new installations and upgrades, and 40% from leases, monitoring, and service.

"The picture for the average dealer is strongly influenced by the substantially greater dependence that small dealers have on new installations," reports "The Security Systems Market, Characteristics and Trends," produced by STAT Resources Inc., Brookline, MA.

For example, for dealers that earn less than $1 million annually, new installations generate 59% of their total burglar alarm revenues. For companies in the $1 million to $2.5 million range, new installations comprise 50% of total burglar alarm revenues. For firms with greater than $2.5 million in revenues, that percentage drops to 41%.

In contrast, larger firms depend more heavily on leasing, monitoring, and service for their burglar alarm revenues.

The study estimated that there were slightly more than $9 billion in dealer sales in 1991, including burglar alarm, fire alarm, CCTV, and access control system sales and service. This is $1.2 billion less than *SDM*'s 1991 market estimate of $10.2 billion.

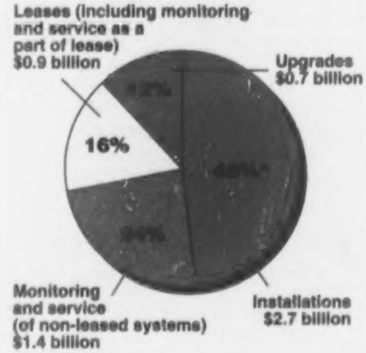
Security dealers are particularly concerned about the competitive impacts of [low] pricing and the Regional Bell Operating Companies (RBOCs) potentially entering the industry, according to the study.

Two-thirds of dealers view these competitive forces negatively, while a fourth of dealers are neutral, and a small percentage thinks they will have a positive effect on industry growth over the next three years.

When asked about political and economic issues affecting growth, the study shows that opinions are split about the impact of both false alarm ordinances and economic conditions. However, dealers are strongly in favor of licensing.

Editor's Note: "The Security Systems Market, Characteristics & Trends," is available from STAT Resources Inc., 822 Boylston St., Brookline, MA 02167; (617)734-2000; fax (617)734-4095. Circle **303** *on the Reader Service Card.*

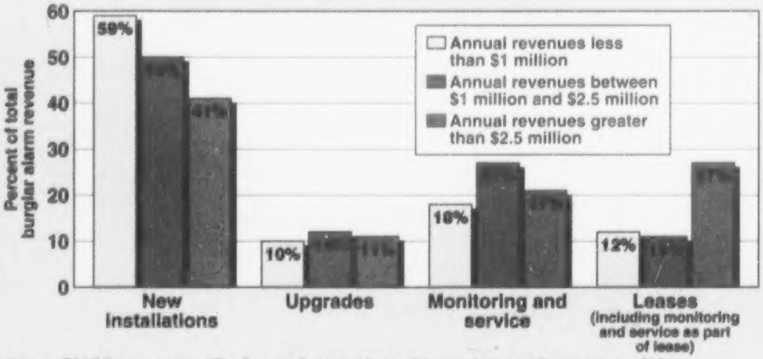
New installations provide half of burglar alarm revenue



*percentage of total burglar alarm revenue

Source: STAT Resources Inc., "The Security Systems Market, Characteristics and Trends," June 1992

Small dealers depend on new installations



Source: STAT Resources Inc., "The Security Systems Market, Characteristics and Trends," June 1992

Sixty percent of burglar alarm revenues are generated by new installations and upgrades and 40% by leases, monitoring, and service (above). The smaller the company, the more heavily it depends on new installations as a revenue source (left).

External factors affecting growth

	Very negative	Somewhat negative	Neutral	Somewhat positive	Very positive
Economic conditions	8%	33%	22%	31%	6%
False alarm ordinances	5%	30%	27%	27%	11%
Licensing regulations	4%	10%	26%	35%	25%

Percent of respondents

Source: STAT Resources Inc., "The Security Systems Market, Characteristics and Trends," June 1992

A majority of dealers expect licensing regulations to have a positive impact on the growth of the industry.

Competitive impacts on business

	Very negative	Somewhat negative	Neutral	Somewhat positive	Very positive
Low pricing	35%	31%	25%	7%	2%
RBOCs	39%	31%	23%	5%	2%
D.I.Y. systems	21%	28%	43%	7%	1%
Other competition	11%	31%	49%	8%	1%

Percent of respondents

Source: STAT Resources Inc., "The Security Systems Market, Characteristics and Trends," June 1992

Competition from the RBOCs and low-priced security companies will have a negative impact on future growth.